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# HUNCH MINES LIMITED

JUN 8 1963

*Statutory Prospectus*

APRIL 25th, 1963



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# HUNCH MINES LIMITED

## *Statutory Prospectus*

1. The full name of the Company is Hunch Mines Limited (hereinafter called the Company) and the address of the head office of the Company is 82 Government Road West, Kirkland Lake, Ontario.
2. The Company was incorporated under the Laws of the Province of Ontario by Letters Patent dated March 25, 1944. No Supplementary Letters Patent or similar authority for variation of the Letters Patent or otherwise have been issued to the Company.
3. The name in full, present occupation and home address in full of the Officers and Directors of the Company are as follows:

### OFFICERS

<i>Name</i>	<i>Office Held</i>	<i>Address</i>
GORDON HOLMES GIBBS..... Mining Engineer	<i>President</i>	53 Beechwood Avenue, Willowdale, Ontario.
ROBERT JAMES ASH..... Mining Executive	<i>Vice-President</i>	Kirkland Lake, Ontario.
FRANK BEECROFT RAINFORD..... Public Accountant	<i>Secretary-Treasurer</i>	2 Connaught Avenue, Swastika, Ontario.

### DIRECTORS

<i>Name</i>	<i>Occupation</i>	<i>Address</i>
JOHN CHARLES PERRY.....	Mining Executive	1091 Crestview, Oakville, Ontario.
WILLIAM MUNROE LIPSETT.....	Mining Executive	3550 Yonge Street, Toronto, Ontario.
ROBERT JAMES ASH.....	Mining Executive	Box 784, Kirkland Lake, Ontario.
GORDON HOLMES GIBBS.....	Mining Engineer	53 Beechwood Avenue, Willowdale, Ontario.
GEORGE TERENCE SMITH.....	Barrister & Solicitor	32 King George's Road, Toronto, Ontario.

No person has received or is to receive any consideration for promotional services as such and there is no promoter of the company unless one or more shareholders of the Company hereinafter referred to in paragraph 12 is to be taken as a promoter by reason of his having acted as a vendor of properties of the Company.

4. Sidney Finkelman, Chartered Accountant, of 52 Government Road West, Kirkland Lake, Ontario is the auditor of the Company.
5. The Premier Trust Company, 19 Richmond Street West, Toronto, Ontario is the registrar and transfer agent of the Company.
6. The authorized capital of the Company consists of 3,000,000 shares of the par value of \$1.00 each, of which 1,350,010 shares have been allotted or issued to the date hereof as fully paid and non-assessable.
7. No bonds or debentures of the Company are outstanding or are proposed to be issued.
8. Certificates representing 575,000 shares of the capital stock of the Company are held in escrow by The Premier Trust Company, 19 Richmond Street West, Toronto, Ontario subject to release pro rata only with the written consent of the Board of Directors and the Ontario Securities Commission and further



subject to transfer, hypothecation, assignment or other alienation only with the written consent of the Ontario Securities Commission.

9. Shares of the Company sold for cash to date are as follows:

<i>Number of Shares</i>	<i>Price Per Share</i>	<i>Consideration received by the Company</i>
10	\$1.00	\$ 10.00
400,000	2½¢	10,000.00
300,000	15¢	45,000.00
<hr/> 700,010		<hr/> \$55,010.00

No commission was paid or is payable in respect to the sale of the above noted shares. Reference is made however to paragraph 14 hereof with respect to the Underwriting and Option Agreement entered into by the Company.

10. No securities of the Company other than shares have been sold or issued to the date of this Prospectus.
11. No shares have been issued or are to be issued and no cash has been or is to be paid by the Company to any person for promotional services as such.
12. (a) The Company is the owner of all interest in and to 20 unpatented mining claims situated in the Townships of Harker, Holloway, Lamplugh and Frecheville, in the Larder Lake Mining Division in the Province of Ontario, all of record in the office of the Mining Recorder for the Larder Lake Mining Division at Kirkland Lake, Ontario, as mining claims L 70695 to L 70704 inclusive and L 70710 to L 70719 inclusive. The aforesaid 20 unpatented mining claims were acquired as part of a group of 30 mining claims numbered L 70695 to L 70724 inclusive, by the Company pursuant to Agreement dated July 12, 1961, between Cuthbert Batten Dixon, 58 Lympstone Avenue, Toronto, Ontario and the Company in consideration of the sum of \$15,000.00 and the allotment and issuance of 150,000 fully paid and non-assessable shares in the capital stock of the Company, 90% of which were to be escrowed shares. Of the foregoing consideration of 150,000 shares payable to Mr. Dixon, only 50,000 shares were issued from the treasury of the Company, valued by the Directors at 15 cents per share and 100,000 escrowed shares were donated by the holders of issued escrowed shares of the Company. There is no other person known to the signatories hereto who has received or is to receive from Cuthbert Batten Dixon a greater than 5% interest in the shares or other consideration received by him except Donald N. Mackay, 70 Heath Street West, Toronto, Ontario and Earl Gagan, 651 Lake Shore Road, Toronto, Ontario. The original 30 mining claims comprised two separate groups, designated as the west group, consisting of 20 contiguous claims in the north west corner of Harker Township and the south east corner of Lamplugh Township numbered as claims L 70695 to L 70704 inclusive and L 70710 to L 70919 inclusive, which are still held by the Company, and the east group, consisting of 10 contiguous claims in the north west part of Holloway Township and the south west corner of Frecheville Township numbered as claims L 70705 to L 70709 inclusive and L 70720 to L 70724 inclusive which have been allowed to lapse by the Company. The Company has completed the drilling of six holes on these claims with negligible results. On the advice of the Company's consulting engineers no further work is planned by the Company on these claims and as a result no engineer's report thereon is included in this Prospectus.
12. (b) By Agreement dated February 8, 1962 made between The Nipissing Mines Company Limited, Suite 1107, 55 Yonge Street, Toronto, Ontario (hereinafter called Nipissing), Cuthbert Batten Dixon, 58 Lympstone Avenue, Toronto, Ontario (hereinafter called Dixon) and the Company, the Company acquired by assignment from Mr. Dixon an option to purchase 2 mining claims situated in the Township of Rouyn, Quebec, held under Development Licenses of record in the office of the Registrar of Mining Titles at Quebec City, Quebec as 605-C and 606-C and covering 196 acres and 106.62 acres respectively. The option to purchase the said claims assigned to the Company by Mr. Dixon was granted to him by Nipissing under the terms of a Letter Agreement dated November 30, 1961 in consideration of the payment by him to Nipissing of \$5,000.00.

Under the terms of the Agreement dated February 8, 1962, the Company holds an option to purchase the 2 mining claims for a period up to and including December 31, 1963, subject to prior termination in the event the Company fails to spend the sum of \$10,000.00 in exploration and development of the mining claims by December 31, 1962 (which sum has been spent) and a further \$15,000.00 in such exploration and development by December 31, 1963. In order to exercise the option the Company is required to have spent the sum of \$25,000.00 on exploration



and development of the mining claims (of which \$16,021.30 has been spent to date) and will be required to issue 300,000 shares of its capital stock to Nipissing, of which shares 30,000 shares will be free shares and 270,000 shares escrowed subject to release only on the written consent of the Ontario Securities Commission and the Board of Directors of the Company and subject to transfer, hypothecation or other alienation within escrow only with the written consent of the Ontario Securities Commission. To the knowledge of the Company no person or Company other than Nipissing would be entitled to receive more than a 5% interest in the share consideration which might be issued by the Company to Nipissing as set out above.

The Company paid Mr. Dixon the sum of \$5,000.00 representing re-imbursement to him of the moneys he paid to Nipissing under the Letter Agreement dated November 30, 1961, aforesaid in consideration for the granting of the option. A further consideration was required to be paid by the Company to Mr. Dixon under the Agreement dated February 3, 1962 as follows:

- (i) in the event the Company spends \$10,000.00 on exploration and development of the mining claims by December 31, 1962 and decides to continue further exploration and development in the calendar year 1963 (which has been done by the Company) the sum of \$5,000.00 was to be paid to Mr. Dixon on January 1, 1963, which payment was waived by Mr. Dixon.
- (ii) in the event the Company determines to exercise the option a further sum of \$5,000.00 is to be paid to Mr. Dixon at the time the 300,000 shares of the Company are issued to Nipissing.

To the knowledge of the Company no person is entitled to receive a greater than 5% interest in the aforesaid consideration to be paid or that may be payable to Mr. Dixon by the Company as above.

- (c) The Company holds the right to acquire, upon the making of the payments hereinafter set out, an option to purchase 77½% of all the issued outstanding shares of Minera Macacona Limitada (Macacona Limitada), Oro de Barranca Limitada (Barranca Limitada) and Minera Saturno Limitada (Saturno Limitada), all companies incorporated under the laws of Costa Rica, Central America and having their registered offices in the City of San Jose, Costa Rica and which companies are respectively the wholly owned subsidiaries of Macacona Minerals Limited, Barranca Minerals Limited and Saturno Minerals Limited, companies incorporated under the laws of the Province of Alberta, with registered offices at 303 Alexander Building, Edmonton, Alberta. Details of the Mining Concessions owned by Macacona Limitada, Barranca Limitada and Saturno Limitada and the encumbrances to which each are subject are as follows:

#### MACACONA LIMITADA:

Exploration Permit Number 388 comprising an area of 380 hectares.

Exploration Permit Number 611 comprising an area of 820 hectares.

Situate in the Second County of Third District of the Province of Printarenas.

#### ENCUMBRANCES:

- (i) Macacona Limitada is indebted to Harold Simpson of the City of Mayaguez, Puerto Rico, in respect of the acquisition of a thirty (30%) per cent interest in Permit Number 388 in the amount of Twenty thousand (\$20,000.00) dollars (U.S.) payable out of ten (10%) per cent of the net profit of production from mining the said property or out of two (2%) per cent of sales from the said property, whichever is the greater sum in any half-yearly period.
- (ii) Macacona Limitada is indebted to Arturo Macari in respect of the acquisition of a thirty (30%) per cent interest in Permit Number 388 in the sum of Two thousand five hundred (\$2,500.00) dollars (U.S.) to be paid on or before the 30th day of April, 1963 plus 1½ cents per ton royalty.
- (iii) Macacona Limitada is indebted to Alvaro Pinto of San Jose, Costa Rica, in respect of a ten (10%) per cent interest in Permit Number 388 in the sum of Ten thousand (\$10,000.00) U.S. dollars to be paid out of ten (10%) per cent net production or out of two (2%) per cent of the sales from mining the said property, whichever is greater.
- (iv) Macacona Limitada is indebted to the heirs of Senor Emiliano Odio Santos of Costa Rica, in respect of an interest claim in Permit Number 388 in the sum of Twenty thousand (\$20,000.00) U.S. dollars to be paid out of five (5%) per cent of gross production from mining the said property.

#### BARRANCA LIMITADA:

Exploration Permit Number 473 comprising an area of 800 hectares (more or less) situate in the Second County of the Third District of the Province of Printarenas.

ENCUMBRANCES: Nil.



**SATURNO LIMITADA:**

Exploration Permit Number 331 comprising 333 hectares.

Exploration Permit Number 521 comprising 400 hectares.

Exploration Permit Number 630 comprising 350 hectares.

Situate in the Second County of the Third District of the Province of Printarenas.

**ENCUMBRANCES:**

Saturno Limitada is indebted to Warren B. Richardson of the City of Reno, State of Nevada, U.S.A., in the sum of One hundred thousand (\$100,000.00) U.S. dollars to be paid out of ten (10%) per cent of the net proceeds of production.

The option to purchase referred to above was granted under the terms of an Agreement dated March 18th, 1963 made between Macacona Minerals Limited (Macacona), Barranca Minerals Limited (Barranca), Saturn Minerals Limited (Saturn), Minera Macacona Limitada, Oro de Barranca Limitada and Minera Saturno Limitada as Optionors of the First Part and Cuthbert Batten Dixon, 58 Lympstone Avenue, Toronto, Ontario as Optionee of the Second Part. Under the terms of such agreement the optionee was granted the right to examine and sample the mining concessions held by Macacona Limitada, Barranca Limitada and Saturno Limitada for a period up to and including May 31, 1963 and subject to the receipt by the Optionee of a satisfactory report on the results of such examination and sampling the optionee was to have the right —

- A. upon the payment to Macacona on or before May 31, 1963 of the sum of \$7,500.00 to obtain a working option for a period of three years until May 31, 1966 on the mining concessions held by Macacona Limitada and there shall be transferred to the optionee 77½% of the issued and outstanding shares of Macacona Limitada, provided that in order to maintain such option the optionee shall be required to spend the following sums in exploration and development of the mining concessions of Macacona Limitada
  - (i) \$20,000 on or before October 31, 1963
  - (ii) \$40,000 on or before May 31, 1964
  - (iii) \$30,000 on or before November 30, 1964
  - (iv) \$30,000 on or before May 31, 1965
  - (v) \$40,000 on or before November 30, 1965
  - (vi) \$40,000 on or before May 31, 1966
- B. upon the payment to Barranca of \$7,500.00 on or before August 31, 1963, to obtain a working option until May 31, 1966 on the mining concession held by Barranca Limitada and there shall be transferred to the optionee 77½% of the issued and outstanding shares of Barranca Limitada.
- C. upon the payment to Saturn of \$7,500.00 on or before November 30, 1963, to obtain a working option until May 31, 1966 on the mining concessions held by Saturno Limitada and there shall be transferred to the optionee 77½% of the issued and outstanding shares of Saturno Limitada:

provided that in the event the optionee obtains working options on the mining concessions of Barranca Limitada and Saturno Limitada as provided in B and C above, the optionee may apply and apportion whatever funds are deemed necessary for the exploration of the mining concessions of Barranca Limitada and Saturno Limitada which expenditures shall be credited against the expenditures required to be made on the mining concessions of Macacona Limitada as set out in A above, subject to the fact that no less than \$10,000.00 shall be expended on the mining concessions held by each of the Limitadas by May 31, 1964.

Subject to the compliance with the above provisions the optionee may at any time prior to May 31, 1966 give notice to the optionors of their intention to equip the property of each of the Limitadas, with respect to which the option is maintained, for production and upon so doing the optionee shall so equip the property within a period of three years, provided that the option may be extended until May 31, 1967 if the optionee gives notice of its intention to expend and shall expend the sum of \$90,000.00 in exploration and development during the year ending May 31, 1967.

The optionee is also required to reimburse Macacona in the amount of \$2,500.00 covering the payment due to Arturo Macari of \$2,500.00 due in respect of the mining concessions of Macacona Limitada on or before April 30, 1963.

By agreement dated April 18, 1963 the foregoing option agreement was assigned by C. B. Dixon to the Company in consideration of the sum of \$4,000.00 representing reimbursement to Mr. Dixon of funds spent by him in having the mining concessions examined and sampled.



A further consideration is payable to Mr. Dixon as a result of the assignment of such option, in the event the Company proceeds with the exploration and development of the mining concessions, namely, the allotment and issue of 150,000 shares of its capital stock, such shares to be only issued as follows:—

- (1) 50,000 shares on November 1, 1963 if the working option on any of the mining concessions is then held by the Company
- (2) 50,000 shares on June 1, 1964 if the working option on any of the mining concessions is then held by the Company
- (3) 50,000 shares on December 1, 1964 if the working option on any of the mining concessions is then held by the Company.

The option agreement aforesaid also provided that Macacona, Barranca and Saturn would have the right to participate up to the aggregate extent of 10% in any underwriting and/or option agreements on treasury shares of the Company to which the option agreement is assigned by C. B. Dixon.

To the knowledge of the Company there is no person entitled to receive a greater than 5% interest in the aforesaid Macacona Minerals Limited, Barranca Minerals Limited and Saturn Minerals Limited. The Company has been advised that the following persons own a greater than 5% interest in Barranca Minerals Limited, Macacona Minerals Limited and Saturn Minerals Limited — Evan Koblanski, 624 Howe Street, Vancouver, British Columbia; John Ballas, Jasper Place, Alberta; Walter Howard, 1030, 109th Street, Edmonton, Alberta; Edward Bishop, 303 Alexander Building, Edmonton, Alberta; and Myron Holubitsky, 1748 Capilano Road, North Vancouver, British Columbia.

- (d) The Company formerly owned 2 patented mining claims registered in the office of Land Titles at Haileybury, Ontario, in the Register for South Section Temiskaming as parcels 1160 and 6339, which claims were situated in the Townships of Catharine and Pacaud and 5 unpatented mining claims of record in the office of the Mining Recorder for the Larder Lake Mining Division numbered as claims L 34750 and L 42589 to L 42592 inclusive and situated in the said Townships of Catharine and Pacaud. The aforesaid 2 patented claims and the 5 unpatented claims were acquired by the Company pursuant to agreement dated April 17, 1944 with Moses Bismark McCallum, Kirkland Lake, Ontario, in consideration of the allotment and issuance to Mr. McCallum of 600,000 fully paid and non-assessable shares of the capital stock of the Company valued by the Directors at 2 cents per share of which 60,000 shares were free shares and 540,000 shares were escrowed shares. To the knowledge of the signatories hereto no person received from Mr. McCallum a greater than 5% interest in the share consideration issued to him as aforesaid. The Company carried out exploration work on the aforesaid 2 patented claims and the 5 unpatented claims including the patenting of mining claim L 34750 as parcel 7432 at an aggregate cost of \$3,043.89. Subsequently because of the lack of working capital the Company was forced to abandon mining claims L 42589 to L 42592 inclusive and sold the 3 patented claims numbered as parcels 1160, 6339 and 7432 to Joseph Dean Weatherhead, and Edna Charlotte Weatherhead for the sum of \$300.00. The cost of the aforesaid claims purchased by the Company from Mr. McCallum together with the exploration expenditures thereon less the proceeds of sale thereof have been written off to deficit.
  - (e) The Company formerly held an undivided 18% interest in two groups of claims of twenty (20) claims each in the Townships of Casa-Berardi and Estrees in the Province of Quebec which were acquired by staking at a total cost of \$400.00 in the year 1961. These claims have since been allowed to lapse and the acquisition cost to the Company thereof of \$400.00 has been written off to deficit.
13. Particulars of the properties referred to in Paragraph 12 (b) and (c) hereof including the means of access thereof, character, extent and condition of surface and underground exploration and development, work done by the present management and known history thereof are set out in the reports of Dr. R. C. McMurchy dated April 11, 1963 and April 23, 1963 which reports are attached hereto and form part of this Prospectus and to which reference is hereby expressly made. There is no surface or underground plant or equipment owned by the Company on such properties.
  14. By Agreement dated April 18, 1963 made between the Company and Bongard & Company, 25 Adelaide Street West, Toronto, Ontario as Underwriter-Optionee, the Underwriter-Optionee, acting as agent only on behalf of the clients hereinafter mentioned, agreed to purchase 200,000 shares of the capital stock of the Company at a price of 20 cents per share and 100,000 shares of the capital stock of the Company at a price of 25 cents per share for an aggregate consideration of \$65,000.00 payable forthwith



upon the date of acceptance for filing by the Ontario Securities Commission of the Prospectus (hereinafter referred to as the "effective date") and in consideration of such purchase the Company agreed to grant to the Underwriter-Optionee the sole and exclusive option to purchase all or any part of 200,000 additional shares of the Company exercisable in amounts, at prices and at times as follows:

100,000 shares at 30 cents per share within 6 months of the effective date;

100,000 shares at 35 cents per share within 9 months of the effective date.

In entering into the aforesaid Underwriting and Option Agreement the Underwriter-Optionee was acting as agent only for the following clients: Assembly Mines Limited, Suite 911, 159 Bay Street, Toronto, Ontario as to a 10% interest; Basutu Investments Limited, 12 Richmond Street East, Toronto, Ontario as to a 30% interest; Alfred G. Andrews, 701 McConnell Avenue, Cornwall, Ontario as to a 10% interest; John Fisher, 438 Balkan Avenue, Richmond Hill, Ontario as to a 20% interest; Easson & Company Limited, 217 Bay Street, Toronto, Ontario as to a 10% interest; Macacona Minerals Limited, Barranca Minerals Limited and Saturn Minerals Limited, 303 Alexander Building, Edmonton, Alberta, jointly as to a 10% interest; Clinger Gold Mines Limited, Suite 1003, 67 Yonge Street, Toronto, Ontario as to a 10% interest. Murray Watts, 55 Bayview Ridge, Toronto, Ontario is the only person holding a greater than 5% interest in Assembly Mines Limited. Oscar L. Dixon, 2052 Upper Middle Road, R.R. #1, Oakville, Ontario is the only person holding a greater than 5% interest in Basutu Investments Limited. John M. Easson, Clarkson Road, Clarkson, Ontario, John L. Easson, 409 Riverside Drive, Oakville, Ontario, J. L. Martyn, 10 Rappert Avenue, Toronto, Ontario and D. Henderson, 69 Haileybury Drive, Scarborough, Ontario, are the only persons holding a greater than 5% interest in Easson & Company Limited. The names and addresses of the persons holding a greater than 5% interest in Macacona Minerals Limited, Barranca Minerals Limited and Saturn Minerals Limited are given in paragraph 12 (c) hereof. Clinger Gold Mines Limited is a public company and it is impractical to give the names of the persons holding a greater than 5% interest therein.

So far as the signatories hereto are aware, there are no sub-options or sub-underwriting agreements outstanding or proposed to be given or any assignment or proposed assignments thereof other than as set out herein. Bongard & Company is a registered security dealer. In the event of default an amending statement will be filed within twenty days of such default if the securities of the Company are then in the course of primary distribution.

15. With the proceeds from the sale of shares of the Company, the Company intends to pay the sum of \$14,000.00 representing the acquisition costs of the working option on the mining concessions of Macacona Limitada as set out in paragraph 12 (c) here of, and to carry out on such concessions the recommendations for exploration and development thereof contained in the report of Dr. R. C. McMurchy dated April 11, 1963 previously referred to and for ordinary operating expenses. A decision to acquire the working options on the concessions of Barranca Limitada and Saturno Limitada, involving payments of \$7,500.00 in each case, on or before August 31, 1963 and November 30, 1963 respectively, together with exploration expenditures thereon will be made by the Company only after carrying out further examination thereof in conjunction with the work programme planned on the concessions of Macacona Limitada and a decision as to the carrying out of the work programme of \$10,000.00 on the Company's Rouyn Township property recommended by Dr. R. C. McMurchy in his report dated April 23, 1963, will be dependent on the availability of funds for such purposes.
16. The Company has been incorporated for more than a year.
17. No indebtedness is to be created or assumed which is not shown on the Balance Sheet of the Company as at March 31, 1963, accompanying this Prospectus, except in the ordinary course of business and accordingly no security has been given for such indebtedness.
18. (a) Particulars of the principal business in which each Director and Officer has been engaged during the past three years are as follows:  
JOHN CHARLES PERRY has been engaged as President of Teck-Hughes Gold Mines Limited and Lamaque Gold Mines Limited.  
ROBERT JAMES ASH has been self employed as a Mining Executive.  
WILLIAM MUNROE LIPSETT has been self employed as a Mining Executive.  
FRANK BEECROFT RAINFORD has been self employed as a Public Accountant.  
GORDON HOLMES GIBBS has been self employed as a Consulting Mining Engineer.  
GEORGE TERENCE SMITH has practised his profession as a barrister and solicitor.
- (b) No director or officer of the Company either personally or as a partner in a firm has ever had any interest, direct or indirect, in any property acquired or to be acquired by the Company.
- (c) No remuneration was paid by the Company during the last financial year to the officers of the Company as such except the sum of \$50.00 per month which was paid to the Secretary-Treasurer



or to the directors of the Company as such, and it is estimated that no remuneration will be payable to the directors or officers as such during the current financial year, except that the Secretary-Treasurer of the Company may receive a sum not to exceed \$100.00 a month for secretarial and accounting services.

19. No dividends have been paid by the Company to date.
20. No person by reason of beneficial ownership of shares in the Company or any agreement in writing is in a position to elect or cause to be elected a majority of the directors of the Company to the knowledge of the signatories hereto.
21. The Vendors' shares may be offered for sale as released from escrow together with any free shares of the Company presently outstanding but the proceeds of such sales will not accrue to the treasury of the Company. There is no arrangement for the sale of Vendors' shares known to the signatories hereto.
22. There are no other material facts.

DATED at Toronto this 25th day of April, A.D. 1963.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

#### DIRECTORS

J. C. PERRY  
by his agent G. T. SMITH

G. H. GIBBS

W. M. LIPSETT  
by his agent G. T. SMITH

G. T. SMITH

R. J. ASH

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER-OPTIONEE

BONGARD & COMPANY

by: S. K. BONGARD



# HUNCH MINES LIMITED

(No Personal Liability)

Incorporated Under the Laws of Ontario

## Balance Sheet as at March 31st, 1963

### ASSETS

CURRENT		
Cash on Hand and in Bank		\$ 1,999.51
FIXED (at cost)		
Mining Properties	\$22,500.00	
Less: $\frac{1}{3}$ Written off to Deficit — (Note 1)	7,500.00	15,000.00
OTHER		
Deferred Expense — as per Schedules attached		
Administrative Expense	\$ 9,689.50	
Development and Exploration Expense	29,815.80	
Payment on Option to Purchase Mining Claims	5,000.00	
Incorporation Expense	1,800.00	46,305.30
TOTAL		<u>\$63,304.81</u>

### LIABILITIES

CURRENT					
Accounts Payable					\$ 500.00
CAPITAL STOCK					
Authorized: — 3,000,000 shares of					
\$1.00 par value each					
Issued or Allotted as fully paid					
	Shares	Par Value	Discount	Net	
For Cash	700,010	\$ 700,010.00	\$ 645,000.00	\$ 55,010.00	
For Properties	650,000	650,000.00	630,500.00	19,500.00	
	<u>1,350,010</u>	<u>\$ 1,350,010.00</u>	<u>\$ 1,275,500.00</u>	<u>\$ 74,510.00</u>	74,510.00
CAPITAL SURPLUS (Note 6)					5,900.48
					<u>\$80,910.48</u>
DEFICIT					
Cost of Mining Claims abandoned					
— (Note 1)		\$ 14,222.25			
— (Note 5)		15,143.89	\$ 29,366.14		
Exploration Expense — Newfoundland			1,100.00	\$ 30,466.14	
Less: Net Gain re Investments				12,860.47	17,605.67
TOTAL					<u>\$63,304.81</u>

#### NOTE:

The appended notes form an integral part of this statement.

Approved on Behalf of the Board

G. H. GIBBS, Director.

G. T. SMITH, Director.

#### AUDITOR'S REPORT

I have examined the Balance Sheet of Hunch Mines Limited as at March 31st, 1963, and have obtained all the information and explanations I have required. My examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion the Balance Sheet, when read in conjunction with the notes appended thereto, presents fairly the financial position of the Company as at March 31st, 1963, and the result of its operations to that date, according to the best of my information and the explanations given to me and as shown by the books of the Company.

Kirkland Lake, Ontario,  
April 25th, 1963.

SIDNEY FINKELMAN,  
Chartered Accountant.



# HUNCH MINES LIMITED

(No Personal Liability)

*Incorporated Under The Laws of Ontario*

## SCHEDULE OF DEFERRED ADMINISTRATIVE EXPENSE PERIOD FROM INCEPTION TO MARCH 31st, 1963

	Total to January 1, 1961	Expended from January 1, 1961 to December 31, 1961	Expended from January 1, 1962 to December 31, 1962	Expended from January 1, 1963 to March 31, 1963	Total to March 31, 1963
Expenditure from date of Incorporation to December 31st, 1967 .....	\$ 1,360.59	\$	\$	\$	\$ 1,360.59
Bank Charges .....	26.79		.15		26.94
Loan Interest .....	255.42				255.42
Postage and Stationery .....	19.04	35.30	136.58		190.92
Secretary's Fees .....	85.00	1,162.50	550.00	150.00	1,947.50
Telephone .....	180.55				180.55
Transfer Agent's Fees .....	314.26	284.00	292.35		890.61
Travel .....	910.62	74.10	66.00		1,050.72
Legal and Audit .....	505.00	972.29	50.00		1,527.29
Province of Ontario					
Filing Fees .....	190.00	30.00	30.00		250.00
Corporation Tax .....	20.00	20.00	22.73		62.73
Mining Licenses .....		100.00	20.00	200.00	320.00
Prospectus .....		667.30	380.72		1,048.02
Printing and Advertising .....			676.87		676.87
Interest Paid .....			13.70		13.70
	<u>\$ 3,867.27</u>	<u>3,345.49</u>	<u>2,239.10</u>	<u>350.00</u>	<u>9,801.86</u>
Less:					
Interest Earned .....	6.38	105.98			112.36
<b>TOTAL</b> .....	<u><u>\$ 3,860.89</u></u>	<u><u>3,239.51</u></u>	<u><u>2,239.10</u></u>	<u><u>350.00</u></u>	<u><u>9,689.50</u></u>

## SCHEDULE OF DEFERRED DEVELOPMENT AND EXPLORATION EXPENSE PERIOD FROM INCEPTION TO MARCH 31st, 1963

	Expended from January 1, 1961 to December 31, 1961	Expended from January 1, 1962 to December 31, 1962	Total to March 31, 1963
Transfers .....	\$ 150.00		\$ 150.00
Engineering Fees .....	200.00		200.00
	<u>\$ 350.00</u>		<u>\$ 350.00</u>
Harker Property			
Diamond Drilling .....	\$ 2,751.94	\$12,838.37	\$15,590.31
Engineer's Fees and Expenses .....	1,401.95	1,951.74	3,353.69
Extensions and Abstracts .....	172.75	350.00	522.75
Magnetometer Survey .....	700.00		700.00
	<u>\$ 5,026.64</u>	<u>15,140.11</u>	<u>20,166.75</u>
Less: 1/3 Written Off to Deficit — (Note 1) .....		6,722.25	6,722.25
	<u>\$ 5,026.64</u>	<u>8,417.86</u>	<u>13,444.50</u>
Nipissing Property — (Note 4)			
Diamond Drilling .....		\$ 8,387.38	\$ 8,387.38
Engineer's Fees and Expenses .....		2,682.27	2,682.27
Exploration .....		4,876.00	4,876.00
Acreage Tax .....		75.65	75.65
	<u>\$</u>	<u>16,021.30</u>	<u>16,021.30</u>
<b>TOTAL</b> .....	<u><u>\$ 5,376.64</u></u>	<u><u>24,439.16</u></u>	<u><u>29,815.80</u></u>

NOTE: — No monies were expended for development and exploration expense for the Period January 1st, 1963 to March 31st, 1963.



# HUNCH MINES LIMITED

(No Personal Liability)

*Incorporated Under The Laws of Ontario*

## NOTES TO THE BALANCE SHEET AS AT MARCH 31st, 1963

NOTE 1 — By agreement dated July 12, 1961, the Company acquired 30 mining claims situated in the Townships of Harker, Holloway, Lamplugh and Frecheville, in the Larder Lake Mining Division in the Province of Ontario, recorded as Mining Claims L 70695 to L 70724 inclusive, for a total consideration of \$15,000.00 (Fifteen Thousand Dollars) in cash, together with 150,000 fully paid and non-assessable shares of the Company. Of the foregoing consideration, the sum of \$15,000.00 has been paid by the Company together with the allotment and issuance of 50,000 shares of the unissued shares of the Company, valued by the Directors at 15 cents per share, the remaining 100,000 shares were donated by the holders of previously issued vendors' shares of the Company. The total aggregate cost, of the 30 mining claims, to the Company being \$22,500.00 (Twenty-Two Thousand Five Hundred Dollars).

The east group, consisting of 10 contiguous claims in the north west part of Holloway Township and the south west corner of Frecheville Township numbered as claims L 70705 to L 70709 inclusive and L 70720 to L 70724 inclusive have been allowed to lapse by the Company.

As a result of the abandonment of the foregoing claims, one-third of the cost of acquisition (namely \$7,500.00) and one-third of the monies expended on Development and Exploration Expense (namely \$6,722.25) have been written off to Deficit as shown on the accompanying balance sheet.

NOTE 2 — Under the terms of an Underwriting and Option Agreement dated April 18, 1963, the Company has agreed to sell, as fully paid and non-assessable, 200,000 shares of the capital stock of the Company at a price of 20 cents per share, and 100,000 shares of the capital stock of the Company at a price of 25 cents per share, for an aggregate consideration of \$65,000.00, payable, forthwith, upon the date of acceptance for filing by the Ontario Securities Commission of a prospectus of the Company (hereinafter called the effective date) and has granted options to purchase a further 200,000 shares of the capital stock of the Company, to be issued as fully paid and non-assessable, exercisable as follows:

- 100,000 shares at a price of 30 cents per share within Six (6) months after the effective date;
- 100,000 shares at a price of 35 cents per share within Nine (9) months after the effective date.

NOTE 3 — Under the terms of an agreement dated March 18, 1963, assigned to the Company under assignment agreement dated April 18, 1963 the Company holds the right to acquire a working option for a period up to May 31, 1966 on the mining concessions of Minera Macacona Limitada, a Costa Rican Company, together with 77½% of the issued shares thereof on the payment of acquisition costs totalling \$14,000.00 on or before May 31, 1963, and to maintain such option in good standing is required to expend the following amounts in exploration:

- \$20,000 on or before October 31, 1963 and a further
- \$40,000 on or before May 31, 1964 and a further
- \$30,000 on or before November 30, 1964 and a further
- \$30,000 on or before May 31, 1965 and a further
- \$40,000 on or before November 30, 1965 and a further
- \$40,000 on or before May 31, 1966

The Company has also the right to acquire a working option for a period up to May 31, 1966 on the mining concessions of Oro de Barranca Limitada and Saturno Minera de Limitada together with 77½% of the issued shares thereof on the payment of \$7,500.00 on or before August 31, 1963 and a further payment of \$7,500.00 on or before November 30, 1963, provided that in the event of the obtaining of such working options any exploration expenditures made thereon shall be credited against the expenditures required to be made on the mining concessions of Minera Macacona Limitada subject to the fact that no less than \$10,000 shall be expended on the mining concessions held by each of the Limitadas by May 31, 1964.

To exercise such options the Company must comply with the above conditions and give notice of its intention, prior to May 31, 1966, to equip such properties for production and to do so within three years of the giving of such notice, provided that the option may be extended till May 31, 1967 on the Company undertaking to spend \$90,000.00 in exploration on the year ending on that date. The Company is also required to allot and issue certain shares of its capital stock as fully paid and non-assessable, as hereinafter set out, as a further consideration for the assignment of the option; namely —

- 50,000 shares on November 1, 1963 if the working option on the said mining concessions is then in force,
- 50,000 shares on June 1, 1964 if the working option on the said mining concessions is then in force;
- 50,000 shares on December 1, 1964 if the working option on the said mining concessions is then in force.

NOTE 4 — The Company holds an option to purchase two mining claims in the Township of Rouyn, Quebec, for a period up to December 31, 1963. To exercise the option the Company is required to have spent the sum of \$25,000 in exploration thereon (of which \$16,021.30 has been spent to date), and also to pay the sum of \$5,000 and to issue 300,000 shares of the capital stock. 90% of such shares to be escrowed.

NOTE 5 — The Company formerly held certain mining claims in the Townships of Catharine and Pacaud, Larder Lake Mining Division, Ontario, which were acquired by the Company for the issuance of 600,000 vendors' shares of the Company valued by the Directors at 2 cents per share. The Company subsequently spent \$3,043.89 in exploration and development of these claims and after disposing of some of the claims for \$300.00 the remaining claims were abandoned. The acquisition cost of \$12,000.00 plus exploration expenditures of \$3,043.89, less recoveries of \$300.00, for a net amount of \$14,743.89, has been written off against surplus as shown on the accompanying Balance Sheet.

The Company formerly held an 18% interest in 40 mining claims in the Township of Casa-Beradi and Estrees, Quebec acquired at a cost of \$400.00 which have been abandoned. This acquisition cost of \$400.00 has been written off to deficit as shown on the accompanying balance sheet.

NOTE 6 — The Balance Sheet item — Capital Surplus in the amount of \$5,900.48 represents moneys advanced prior to 1957 by previous directors. To this date no claims have been made against the Company for this amount and the present Board of Directors state that, to the best of their knowledge, no claims or payments will be made in connection with this amount.



# MACACONA MINERALS LTD.

(and Adjoining Properties) Costa Rica, Central America

## INTRODUCTION

At the request of Mr. C. B. Dixon of Toronto, Ontario, the writer examined the gold prospect held by Macacona Minerals Ltd. in Costa Rica, Central America.

It is understood that the adjoining properties of Saturno Minerals Ltd. and Barranca Minerals Ltd. are included with Macacona Minerals in a proposed deal and they were examined briefly. The companies are registered in Costa Rica as Minera Macacona Limitada, Minera Saturno Limitada and Oro de Barranca Limitada.

As the Macacona property has the most extensive workings and showings of the three, is the most accessible and is considered to be the "test area" the writer concentrated on it. The examination took place March 24 to March 31 inclusive, 1963. Additional information was gathered in San Jose, the capital city of Costa Rica, April 1 to April 3 following the field work.

Seventy nine samples were taken and shipped by air freight to Toronto, Ontario and have been assayed by Thomas Heys & Sons.

Mr. B. C. Macdonald, Consulting Geologist of Vancouver, B.C. and an official of Macacona Minerals Ltd. guided the writer over the property. Thanks are due him for courtesies and assistance.

## LOCATION AND ACCESS

Costa Rica is a small Central American country bounded by the two similarly small countries Nicaragua and Panama. It has a port (Limon) on the Caribbean to the east and another (Puntarenas) on the Pacific Ocean to the west. One rail line joins Puntarenas with San Jose and another joins San Jose and Limon.

The Pan American Highway traverses the long axis of the country from northwest to southeast. There are some secondary roads but many large areas not served by roads of any kind.

The property of Macacona Minerals straddles the Pan American Highway and is therefore readily accessible. The distance to Puntarenas is 25 kilometers (16 miles); to San Ramon approximately the same distance and to San Jose 100 Km. (62 miles). See Index Map at back of Report.

## COSTA RICA People, Government etc.

The inhabitants of Costa Rica are dominantly of Spanish origin. It is reported that many of the Indians, who were not killed in resisting the Spanish conquest in Columbus' time, retired to the mountains. As a result there has been less mixing of the two races than other Central American countries. Some negroes were brought in chiefly to work the banana plantations in the Limon area. The national language is Spanish.

The impression of the writer is that the Costa Ricans are likely to be good workers as labourers and clerical staff. There are no local geologists or engineers. Education is free and compulsory from the age of 7 to 14. English is taught in secondary schools.

1961 figures on population give Costa Rica as having some 1,200,000 people. San Jose has about 240,000 and San Ramon some 7,000. Esparta near and west of Macacona Minerals is a small village. Farmers live at irregular intervals along the highway.

The political situation in Costa Rica is generally considered to be good and the most stable in Central America. The recent government instigated programs encouraging to private investors and its policies are being followed by the present government. In 1959 a common market was formed between Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua by the signing of the Central American Multi-lateral Treaty.

Costa Rica has taken steps to encourage investment of foreign capital and has made this law in the Industrial Protection and Development Law. A great deal of capital from the United States has been invested in Costa Rica. At a gathering of Central American presidents in San Jose March 18 to 20 of this year President Kennedy of the U.S. was present and warmly received. The population of Costa Rica appears to be strongly democratic and anti-Communist and Anti-Castro.



## ECONOMIC FACTORS

Two factors which make a mining operation in Costa Rica attractive are: the government's encouragement to new industries and the low cost of labour.

Under certain conditions machinery and fuel may be imported duty free. In the event that such equipment is imported it is well to secure in advance an official statement from Banco Central de Costa Rica in order to avoid a possible delay by the Customs Officer.

Cars and trucks are taxed and this tax is understood to be 100%.

It is understood that for mining operations a depletion allowance of not more than 5% of the net income for the year may be made if approved by the tax authorities. Also that in the event of a loss this may be deducted from profits at the rate of 20% of the loss each year for the subsequent 5 years.

Further information on these matters may be obtained in a publication by Walter Diamond, author of Foreign Tax and Trade Briefs entitled "Costa Rica, A Lucrative Foreign Investment Center for U.S. Companies" which is distributed by Matthew Bender & Co., 205 E. 42nd St., N.Y. 17.

Unskilled industrial labourers can be obtained in Costa Rica for about \$50 U.S. per month. Skilled workers or mechanics receive about \$100. Fringe benefits amount to 20 or 25%.

An important factor for mining is the weather. There being no frost there are no problems of water freezing or insulating of buildings.

## CLIMATE, TOPOGRAPHY, WATER and VEGETATION

Costa Rica is situated in the Torrid Zone (latitude 8 to 11) but has a tropical climate only at lower elevations near the coasts. San Jose and San Ramon are in the so-called plateau area (elevation 3500 to 4000) and the temperature there varies from about the 70s in the day to the 50s at night.

The Macacona property however is at an elevation of 800 to 1700 feet above sea level and it is very hot. Even in the adits the heat is oppressive except where two openings to surface gives a circulation of air.

The recent examination being during the dry season there was no precipitation in the mine area and every day was sunny and no time was lost. The rainy season is from May through November and precipitation during that time is sudden and heavy. It usually rains in the afternoon and it may be in several downpours.

At the time of the examination the creek shown on the accompanying map of the Main Showings was dry except in the south-west corner near the west end of the Mondongo Vein. Sufficient water for diamond drilling might be obtained here. The adits were nearly all dry except where blocked. The upper level of the Santa Rosa workings was dry but water was seen lower down.

The Quebrada Honda River shown in the northwest corner of the same map has a plentiful supply of water for all mining purposes. A fairly strong flow came from the Lonmann Adit. Water was pumped from a sump at the portal for the mining operations of 1938-1940.

Parts of the property are well wooded and other parts open with low shrubs and grass. Clearing by burning is done with apparently no danger of widespread damage. There are many varieties of trees and mine timber should be obtained without great difficulty.

## CLAIM DATA

Data on the three properties as given to the writer by Mr. B. C. Macdonald and checked in the office of Senor Alvaro Pinto L., Abogado Y Notario, San Jose, is as follows:

	Permit No.	Area in Hectares	Due Date
Oro de Barranca, Limitada .....	473	880	Nov. 14, 1963
Minera Macacona, Limitada .....	388	380	Nov. 29, 1963
Minera Macacona, Limitada .....	611	820	Sept. 14, 1963
Minera Saturno, Limitada .....	331	333	June 15, 1963
Minera Saturno, Limitada .....	521	400	Mar. 29, 1963
Minera Saturno, Limitada .....	630	350	Feb. 8, 1964
		<hr/> 3163	

The total area of 3163 hectares equals 7815.773 acres. The combined properties form an approximate rectangle 3 by 4 miles in size.

The Main Showings are in the northwest quarter of 388.

When a block is over 400 hectares in size one-third must be dropped each year. However it is permissible to have someone lease the dropped portion and transfer it back to the company.



## HISTORY OF MINING

When Christopher Columbus discovered Costa Rica on Sept. 18, 1502 he found the Indians wearing ornaments of gold and gave the area the name which means rich coast. Many small beautiful gold ornaments have been recovered from Indian graves, some of which may be seen in the National Museum and in the Central Bank. There are no records of mining by the Indians or Spaniards although some old workings are presumed to have been made by the latter.

Some gold mining was done in the first part of this century in the Abangares, Miramar, Aguacate and Esparta areas. No reliable records are available but it is reported that over \$35,000,000 in gold was produced in the Abangares area.

On the Macacona (also Barranca and Saturno) there are numerous adits, shafts, pits, trenches, drifts and cross-cuts made by operators about 1900 to 1940. Evidence of only a limited amount of stoping was seen. An old stamp mill and arrastra are located near the Aguacate adit. These were powered by electricity in the latter stages at least. As there is no broken ore to be seen it is presumed that all of it was put through the stamps and arrastra and recovered by amalgamation. This is thought to be the method employed in other fields with the exception of one mine which is reported to have used the cyanide process.

At Macacona it may be said that mining was to shallow depths only, mere "gopher-holing" in the soft weathered near-surface rock. The Santa Rosa is a little over 100 feet deep. In the Abangares area one mine is reported to be 1200 feet deep and still in ore.

At the present time there is said to be some mining activity in the Miramar, Abangares and Guatusillo areas. In the Osa Peninsula southeast of San Jose a little placer mining is being done.

The Aluminum Company of America has a large concession in Costa Rica and is developing it as a source of aluminum. The same company is also said to be testing a copper deposit.

## GENERAL GEOLOGY

Very little is known about the geology of Costa Rica. No maps are available and the country has no mining department.

Tertiary volcanics underlie a good deal of the Central Plateau area. Where seen these are badly weathered and impossible to identify definitely but may be about andesite in composition. The best exposures are rock cuts along the Highway. At three such cuts between the Macacona property and San Ramon rough bedding was seen which is probably in tuffs. At one cut there was a suggestion of pillow or flow breccia structure. The dips of the observed bedding varied and the general attitude may be rather flat.

A granite mass is reported to have been intersected at Abangares. It was apparently in the form of a dike or sill and the working passed through it. In the same place sediments were reported at about 1000 feet and the veins continued in them with ore grade. Sediments are reported by Mr. Macdonald on the Barranca River bank.

The volcano Irazu was active at the time of the writer's visit and ash spread as far as San Jose and San Ramon. The volcano Poas was also emitting smoke but did not erupt.

## DESCRIPTION OF MACACONA VEINS

The plan of the veins accompany this report was based on chain and compass survey and is not final. All veins and accessible workings should be carefully surveyed using chain and transit. The plan is suitable for present purposes although projections of some veins are doubtfully correct.

The veins named on the plan from north to south are:

		Length indicated by workings
Veta Negra	Adits in poor condition. No data on vein	—
Tepesquite	Formerly Tepesquite #2	900'
Encanto	Seen for short distance only	—
Peligro Amarillo	West end formerly called Tepesquite #1	1000'
Espavel	Seen for short distance only	—
Aguacate	West end formerly called Old Spanish	700'
La Palma	Two parts	250'
Santa Rosa	Reported to have been drifted on for	370'
Mondongo	Strongest and most definite vein	2500'



Although there are some differences in the appearance of the veins, in general they are strongly weathered and rusty, have indefinite walls and small amounts of undecomposed quartz. They suggest carbonatization and shearing, features that may be identified in fresher rock at depth. The strike is generally east to northeast and most dips are steep to vertical. A few dips not vertical are as follows: La Palma 50S, Peligro Amarillo 60S to vertical, Tepesquite 70N to 78S.

Mineralization is light with a little fresh sulphide (disseminated pyrite) being seen at a few places. Other sulphides have been reported. Presumably the rust is from iron sulphides or iron carbonate or both. No gold was definitely seen by the writer but good "tails" were obtained in about 12 out of 15 samples panned. This indication has been substantiated by assaying.

It appears that most of the gold is in the free state although some may be associated with the sulphides. Being free and the rock being weathered and broken crushing and recovery of the gold should be facilitated.

Quartz stringers from a fraction of an inch to 1" are abundant at a number of localities notably the cuts beside the Highway above the Aguacate Adit. The majority strike northeast and dip steeply to vertical. Sampling of the stringer zones has given erratic results and no action on them is recommended at the present time.

## BARRANCA AND SATURNO VEINS

The Santa Lucia area is on the Barranca Block just northeast of the Main Showings on the Macacona. One long trench around a knob hill had been filled and could not be sampled. Nearby Samples 57 to 61 were taken although the vein if present was indefinite.

In Sample 58 cut over 7.0' 6" of quartz was present striking at 0 degrees and dipping 45 degrees to the east. In #59 two stringers of quartz were present striking at 45 degrees and dipping 65 degrees southeast. Across a gully from the above samples #60 was taken on a vein structure and #61 of quartz only from the same place. Nearby some quartz stringers were sampled for #62. The assays are on a succeeding page.

The Fortuna area is almost due north of the Main Macacona Showings and just south of the Rio Barranca. It is partly on the Barranca Block and partly on the Saturno. There are numerous workings in rough country and an exact survey would be necessary to establish the position satisfactorily. There are probably many other pits etc. not located.

The veins as seen are indefinite and considerable work is necessary to determine the nature, strike and dip. Samples were cut to check some good assays obtained by Mr. Macdonald.

Sample #55 had the most sulphide seen anywhere on the three properties. There was much pyrite over one to four inches striking 15 degrees and dipping 30 degrees east. This was tested for silver as well as for gold (see below). At the location of Sample 56 a vein which pans gold strikes at 27 degrees and dips 70 west.

## SAMPLING AND ASSAY RESULTS

In general the samples are rough channels cut horizontally on vertical faces where the veins had vertical dips. In a few instances where the dip of the vein was not vertical the sample was cut normal to the dip or corrected for the dip. The first three samples were cut on a flat exposure surface of the Mondongo Vein. Samples 63 to 79 inclusive were on the stringer zone exposed by cuts along the Highway. The majority of other samples were taken in adits or drifts and these were taken from the back or vertical faces.

Since the walls of the veins were not always exposed the samples may represent only part of the vein. In other instances the walls were indefinite and the sample may or may not represent the full width of the vein. Assays are in ounces of gold per ton. For the cut value averages, assays over one ounce were cut to one ounce.

	Sample No.	Sampled Width in Feet	One Section	Assay
MONDONGO VEIN	1	12.0	13.5	.02
	2	11.0 }		.14 }
	3	2.5 }		.16 }
	4	13.5		.30
	5	8.0		.55
	6	3.0		.26
	7	9.5		.13
	8	6.0		.21



	Sample No.	Sampled Width in Feet	One Section	Assay
MONDONGO VEIN (Continued)	9	6.5		.63
	10	2.5		.78
	11	9.5		.36
	12	5.0		.20
	13	12.0		.08
	14	7.5		.30
	15	11.5		.26
	16	6.0		.05
True Width 10 to 12 feet Sample average .245				
LA PALMA VEIN	17	2.0	6.7	.14
	18	1.5		1.53
	19	6.0		.27
	20	1.5		.05
Not averaged. Branch veins?				
AGUACATE VEIN (Old Spanish)	21	2.0		1.13
	22	1.0		1.06
	23	3.0		.69
	30	1.0		1.50
	44	Character Sample 2nd Level		2.18
True Width say 2.0' Sample average .984 (cut = .867)				
ESPAVEL VEIN	24	5.0		.90
	25	2.5		1.74
	26	1.5		.50
True Width say 3.0' Sample Average 1.066 (cut = .861)				
PELIGRO AMARILLO	27	5.0		.17
	28	5.0		.16
	29	4.5		.06
	31	7.5		.09
	32	3.5		.10
	33	2.5		.10
	34	1.0		1.63
	45	5.0		.09
	46	3.0		.02
	47	3.5		.02
	48	2.0		.14
	49	1.0		.64
	50	1.7		.30
True Width 3.5 to 4.0'? Sample Average .154 (cut = .131)				
TEPESQUINTE	35	10.0	14.0	.38
	36	4.0		1.34
	37	3.0		.64
	40	3.5		.04
True Width 8.0'? Sample average .547 (cut = .481)				
SANTA ROSA	38	2.0		.29
	39	2.8		.45
True Width 2.5'? Sample average .383				
ENCANTO	41	2.0		.08
	42	2.5		.08
	43	2.0		1.74
True Width 2.2'? Sample Average .591 (cut = .306)				
FORTUNA VEIN	51	3.0		.03
	52	5.0		nil
	53	5.0		.07
	54	5.0		.02
FORTUNA AREA	55	2.0		.06
	56	1.9		.12
SANTA LUCIA	57	6.0		.01
	58	7.0		.01



	Sample No.	Sampled Width In Feet	One Section	Assay
SANTA LUCIA	59	10.0		.07
	60	4.5		.07
	61	quartz only		.02
	62	quartz only		.15
NORTH SIDE OF HIGHWAY	63	7.0		.03
	64	7.0		.02
	65	7.0		.03
	66	7.0		.20
	63 to 66 between Bell and Macdonald sampling			
	67	7.0		.04
	68	7.0		.02
	69	7.0		nil
	70	7.0		.01
	71	7.0		.03
	72	quartz only 63 to 71		.14
	67 to 71 sampled by Bell			
SOUTH SIDE OF HIGHWAY	73	4.0		.01
	74	6.0		.06
	75	10.0		.02
	76	10.0		.28
	77	10.0		.25
	78	10.0		.03
	79	quartz only 73 to 78		.09

#### COMPOSITES

	gold	silver
1 to 16 inclusive	.28	.04
27 to 50 inclusive	.54	.08
57 to 62 inclusive	.04	nil
63 to 79 inclusive	.10	.04

The ratio of gold to silver is 6 to 1. The silver content is therefore very low.

#### ECONOMIC POSSIBILITIES

From the foregoing assay results and considering that similar results were obtained by other parties it is evident that gold is widespread in the Macacona Veins. Good assays have been obtained on surface and to shallow depths in the numerous underground workings. The workings are all shallow in fact it may be said that previous operators have "only scratched the surface".

The veins vary in width from a few feet to 12 feet or more. Some veins may extend farther than indicated by the tunnels. The Tepesquinte, Peligro Amarillo, Aguacate and Mondongo may all be called strong veins with the latter having been traced for 2,500'. There are then good possibilities for tonnage if the veins continue to depth with the same width and length as shown at or near surface.

There is no reason known to the writer why these veins should diminish in grade or size at depth and consequently it may be said that the prospects for a successful mining operation are good.

It is quite possible that additional veins will be found. For example if the Lonmann Adit is extended to the Mondongo Vein it is conceivable that one or more veins will be found between the Aguacate and Mondongo Veins. The Santa Rosa could extend to and join the Mondongo. There is a suggestion of a composite structure with the Tepesquinte, Epavel, Aguacate, La Palma and Santa Rosa being subsidiary to the Mondongo. If correct this would greatly increase the tonnage possibilities. Exact surveying would aid present interpretation but ultimately further development is needed to decide the structure.

Results on the stringer zones at the Highway are generally poor but a few erratic good values were got. Samples 76 and 77 may be related to the Tepesquinte structure.

If the Macacona veins stand up to testing at depth then careful examination of the Barranca and Saturno might be done. For the present it is considered advisable to concentrate on the Macacona. Much less is known about the Barranca and Saturno than the Macacona and a great deal of exploration work would be required before a satisfactory estimate could be made of their merit.

#### PROPOSED PROGRAM OF EXPLORATION

Three methods of testing the possibilities of the veins of the Main Showing area may be considered.



They are:

1. Diamond Drilling.
2. Shaft Sinking with Cross-cutting and Drifting.
3. Extending the Lonmann Adit and Complementary Drifting.

The first method is rejected because of the high cost for results obtained; because of the possibility of poor core recovery and because no ore is made available by drilling.

The second method is rejected because of the high cost which it is felt is not justified at this stage.

The attractive possibilities presented by extending the Lonmann Adit are evident from examination of the accompanying map with its cross-section through the adit. The adit is reported to have been driven 810 feet and to have stopped 35 feet short of the first target, the Veta Negra Vein, because of heavy cave and lack of funds. The rehabilitation of the adit is the chief drawback of this plan since the seriousness and extent of the cave is not known. In general other workings are in remarkably good condition and it is thought that in all probability the Lonmann Adit can be reconditioned for a reasonable amount. According to an old map in the possession of Mr. Stephanovich, one-time owner of the property, cave is shown from 300 to 390 feet from the portal. Recent examination found the adit blocked at about 185 feet from the portal. Provision should be made for timbering the caved sections. The new section might be smaller in size, say 7 by 7 feet, and thus less likely to cave.

An advance of 700' from the present adit face would test the ground where the Veta Negra, Encanto, Peligro Amarillo, and Aguacate are projected to occur. Drifting on these veins would make all ore found immediately accessible. Drifting to the extent of 1,000' is considered a reasonable amount to test the veins intersected. Allowing for the equivalent of 300' of work in rehabilitating the Lonmann Adit the total lateral work proposed is 2,000 feet.

Estimates of Time and Cost are as follows:

<b>LATERAL WORK</b>	
Rehabilitation Lonmann Adit. Equivalent of .....	300'
Extending Lonmann Adit .....	700'
Drifting .....	1,000'
<b>Total</b> .....	<b>2,000'</b>
<b>TIME ELEMENT</b>	
	Feet
3 months organizing and purchasing .....	0
2 months installing equipment .....	0
2 months with 1 crew .....	250
7 months with 2 crews .....	1,750
<b>14 months</b> .....	<b>2,000'</b>
<b>CAPITAL COST</b>	
Mining Equipment .....	\$ 20,000
Truck, Jeep, duty etc. ....	13,000
Buildings .....	2,000
	<b>\$ 35,000</b>
<b>OPERATING COST</b>	
	Per month
Manager and Assistant .....	\$ 1,600
4 Surface Men .....	250
4 Underground Men .....	250
Supplies Surface and Underground .....	800
Power, Oil, Gas .....	500
Consulting and Travelling .....	800
Miscellaneous .....	200
	<b>\$ 4,400</b>
<b>14 months = 11 × 4,400</b> .....	<b>\$ 48,400</b>
<b>TOTAL COSTS</b>	
Down Payment .....	\$ 7,500
Capital Costs .....	35,000
Operating Costs .....	48,400
<b>Total</b> .....	<b>\$ 90,900</b>



Although it is highly desirable to test the Mondongo Vein at depth, the additional expense of extending the Adit another 700' (with complementary drifting) is not recommended at the present time. It is anticipated that the lateral work proposed will be successful and if so a decision can then be made for further work. If the first stage is not successful it is doubtful if the second stage (advancing the adit to the Mondongo) could be justified.

If eventually both stages are done and successful, a production shaft will be required and it might be started by raising to surface from the adit in the vicinity of the Mondongo Vein.

The writer and Mr. Macdonald made a Brunton survey from the portal of the Aguacate Adit to the portal of the Lonmann Adit. The former is approximately 173 feet above the latter. This may be taken as the height of "backs" above the Lonmann Adit. It is slightly less to the second level of the Aguacate Vein but for some of the veins would be more. It is about 240 feet to the outcrop of the Mondongo Vein at the latter's high point and about 170 feet at the east and west ends of the vein.

The prime object of the proposed program is to determine the value of the veins explored which includes; their presence, general nature, size and gold content. With regard to the latter several methods have been considered as follows:

1. Sending mine samples direct to an assayer.
2. Preparing sample for assay at the mine and sending the prepared sample to assayer possibly by air freight to Toronto.
3. Installing a complete sampling plant and sending the prepared sample out for assay.
4. Installing an assay office at the mine and doing all assaying there.
5. Installing a minimum-size mill and treating all ore through to the bullion stage.

The second method is considered to be the most suitable in the present circumstances. This presupposes meticulous care on the part of the management in cutting the samples and preparing them for assay. Equipment to crush, pulverize and quarter the sample would be required.

## SUMMARY

The Main Showings on the Macacona gold prospect constitute a fertile field for exploration.

Gold is widespread in veins having widths and grade of economic importance.

Correlation of veins in old workings is doubtful in some cases but it appears that four veins have lengths of about 700, 900, 1,000 and 2,500 feet for a total of 5,100. Widths vary from two to twelve feet.

Other veins are known and it is expected that still others may be found.

In order to properly evaluate the possibilities of the veins it is necessary to make new openings at depths greater than the old workings which were all shallow, being generally less than 100'.

Rehabilitating the Lonmann Adit and extending it 700' with 1,000' of drifting on veins intersected by the Adit is considered the most practicable way of securing the information required.

There is no apparent reason why the veins known should not continue to depth with grade and size similar to that indicated at and near surface.

Results of the recent examination suggest possibilities for a profitable operation on a scale of 200 to 500 tons per day with grade of better than .250 ounces gold per ton.

The rocks are badly weathered at surface and this condition may be expected to continue downwards for several hundred feet.

The Lonmann Adit may be caved more than anticipated but the advantages of using it make this hazard justifiable.

The nature of the gold mineralization suggests easy recovery.

The economic and political situation in Costa Rica is considered favourable to successful operation.

## RECOMMENDATIONS

It is recommended that the Macacona property be acquired and explored on the following lines:

That the Lonmann Adit be rehabilitated and extended for 700 feet as a 7 x 7 foot heading.

That 1,000 feet of drifting be done on veins intersected.

That the sum of \$90,900.00 be supplied for this purpose.

Respectfully submitted,

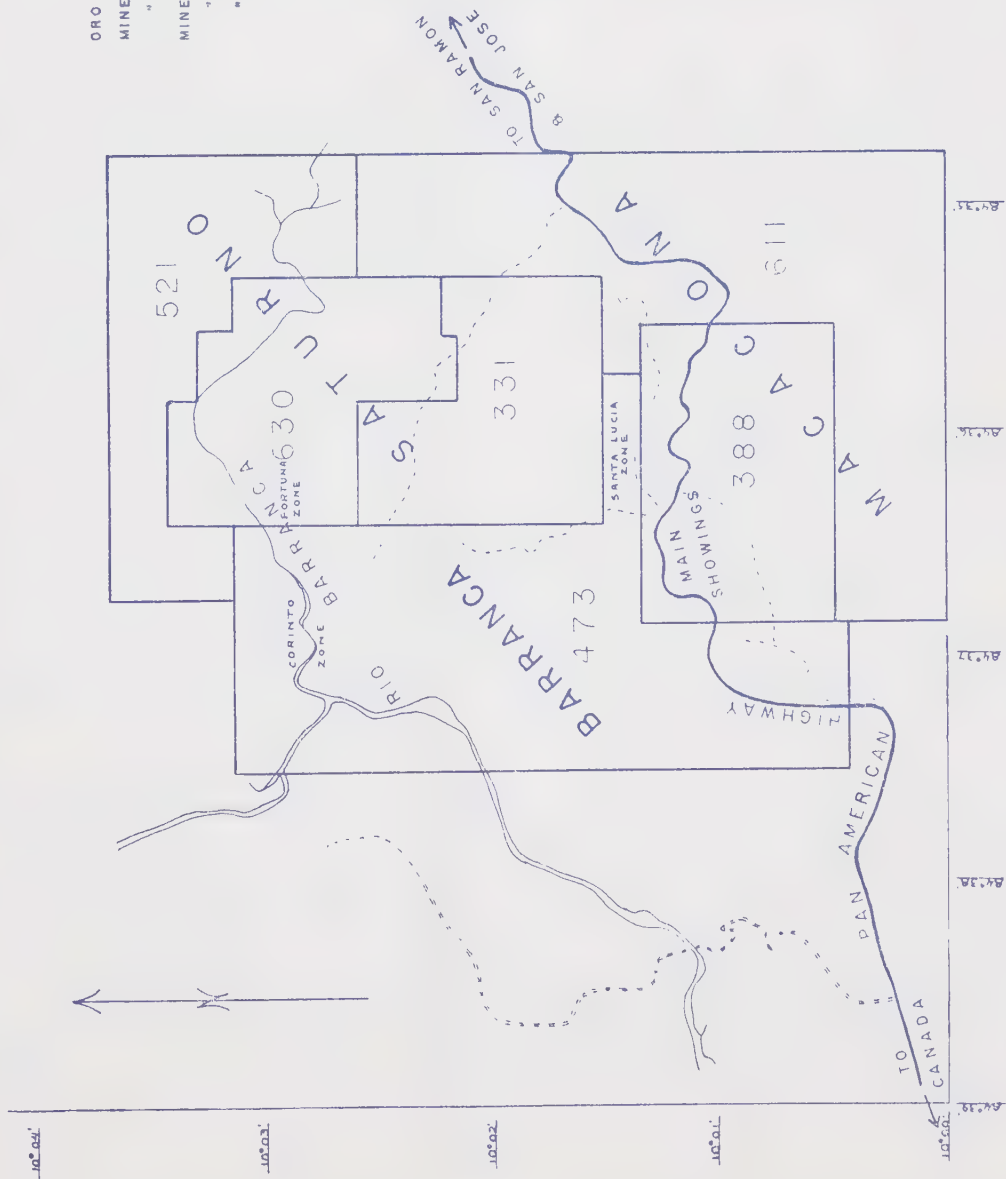
R. C. McMURCHY, Ph.D., P.Eng.

Toronto, Ontario,

April 11, 1963.







COMPANY	PERMIT	AREA	DUE
ORO DE BARRANCA, LIMITADA	473	880 HA.	NOV. 14, 1963
MINERA MACACONA, LIMITADA	388	380 "	NOV. 29, 1963
"	611	820 "	SEPT. 14, 1963
MINERA SATURNO, LIMITADA	331	333 "	JUNE 15, 1963
"	521	400 "	MAR. 29, 1963
"	630	350 "	FEB. 8, 1964

(1 hectare = 2.474 acres)

MACACONA MINERALS LTD.  
AND ADJOINING PROPERTIES  
COSTA RICA  
CENTRAL AMERICA

DRAWN BY R. C. MCMURCHY APRIL 11, 1963

SCALE 1:25,000



### ENGINEER'S CERTIFICATE

I, Robert Connell McMurchy, of Toronto, Ontario hereby certify as follows:

1. That I am a practising Geologist and a member of the Corporation of Professional Engineers of Quebec.
2. That I am a graduate of Manitoba University (B.Sc. 1930) and Minnesota University (Ph. D. 1934).
3. That I have no interest either directly or indirectly in the property covered by this Report.
4. That I understand that this property is being acquired by Hunch Mines Limited.
5. That I have no interest either directly or indirectly in the securities of Hunch Mines Limited nor do I expect to receive any interest in the securities of this company.
6. That this certificate applies to the property of Macacona Minerals Ltd., Saturno Minerals Ltd. and Oro de Barranca Ltd. located in Costa Rica, Central America.
7. That the Report is based on a personal examination of the properties made March 24 to 31 inclusive, 1963 and from other information obtained in Costa Rica April 1 to 3, 1963.

ROBERT CONNELL McMURCHY

Toronto, Ontario,

April 11, 1963.

EXPLORATION TO DATE  
**HUNCH MINES LIMITED**

Rouyn Township, Northwestern Quebec

by  
R. C. McMURCHY

## INTRODUCTION

The purpose of this report is to summarize the exploration work which has been done on the property of Hunch Mines Ltd. in Rouyn Township, Quebec and to propose a program for future work.

The last work done on the property was geophysical surveying and diamond drilling performed February to May, 1962.

The property is held under Development Licenses 605C and 606C with acreages of 196 and 106.62 respectively for a total of 302.62 acres.

It was formerly called the Nipissing Block and before that was known as the Fasken Claims.

It is a base metal prospect.

## LOCATION AND ACCESS

The property is extremely well situated being in the heart of the Noranda mining camp and approximately 1½ miles north of the Noranda and Quemont orebodies. It is in the north central part of the northwest quarter of Rouyn Township, Quebec.

All-weather roads lie nearby to the south, west and east. A gravel road crosses the property to service the Noranda water pump station located on the south shore of Lake Dufault. This lake covers the northeast part of the claim group and about 25% of the total area.

The Rouyn-Noranda-Taschereau branch of the Canadian National Railways crosses the property running in a northwesterly direction.

## REFERENCES AND ACKNOWLEDGEMENTS

A. Some of the best known and most useful government publications covering the Noranda area are:

1. Geological Survey of Canada, Memoir 166, Geology and Ore Deposits of Rouyn-Harricana Region, Quebec.
2. Geological Survey of Canada, Memoir 229, Noranda District, Quebec, by M. E. Wilson. Map 453A, Rouyn Area covers the property of Hunch Mines.
3. Department of Natural Resources, Quebec, Geological Report #20, Volumes II and III.
4. Department of Natural Resources, Quebec, Map Northwest Rouyn, scale 1" = 1000'.

B. Of great practical value also are:

5. Canadian Institute of Mining and Metallurgy, Structural Geology of Canadian Ore Deposits, Volumes I and II.

C. From the files of Hunch Mines:

6. Report, "Fasken Property", Rouyn Township and adjoining Properties by W. G. Robinson, March 24, 1952. Map scale 1" = 400'.
7. Map, Magnetic Results of Geophysical Survey on Areas north of Noranda, Quebec, 1" = 500', by Hans Lundberg Company. Report not available.
8. Report by R. C. McMurchy, February 7, 1962. Includes copy of Robinson's Geological Map and Lundberg's Magnetometer Map.
9. Report on Geophysical Survey by H. O. Seigel with 3 maps, Plate I. Magnetometer Survey, Plate II. Induced Polarization Survey, Plate III. Induced Polarization and Resistivity Profiles.
10. Summary Report on Diamond Drilling by S. Farquharson, April 30, 1962 with logs and sections of 7 drill holes.



## GENERAL GEOLOGY

The consolidated rocks underlying the general area in which the property of Hunch Mines is situated are of early Precambrian age with the exception of dikes of quartz diabase and quartz gabbro classed as late Precambrian. These diabase dikes are often referred to as younger or later diabase.

The early Precambrian rocks are mainly volcanics varying in composition from rhyolite to andesite and having interbeds of breccia and pyroclastics. Such features as amygdaloidal and pillow structure are common. Quartz porphyry and diorite masses are abundant intruding the volcanics as sills and dikes. Minor dike rocks of varying composition are numerous.

The Lake Dufault granodiorite body and the Powell granite mass occur 2 miles north and 1½ miles southwest of Hunch Mines.

The volcanics are folded, sometimes complexly and the strike and dip varies with the particular locality. A notable feature of structure in this area are the major faults which commonly strike east to northeast and dip at steep angles.

## GEOLOGY OF HUNCH MINES PROPERTY

As shown on the attached map which agrees substantially with published government maps, the local rocks are: diabase, diorite, quartz porphyry, rhyolite including breccia and fragmentals dacite and andesite.

Rhyolite is by far the most abundant type. Secondary in amount is andesite which outcrops in the east part of the block. Drill Holes 4 and 5 intersected dacite. It was formerly thought that the andesite overlay the rhyolite in this locality but now it appears that the andesite must be farther to the east. Minor amounts of diorite and quartz porphyry occur and two dikes of younger diabase one of which crosses the property and the other appears to end at the Fasken fault.

Referring to Hunch Mines and the three neighboring properties, Donalda (Block 27), Quejo and the Waite-Amulet claim group, Dr. Robinson states "The volcanic formations form a synclinal fold, the axis of which pitches to the east. The formations on the north limb strike northerly and dip from 35 to 45 east. On the south limb the formations strike south south of east and dip steeply north. The Fasken fault strikes northeasterly across the properties south of the fold axis and has an apparent horizontal displacement of 1,500 feet, north side east."

Holes 1, 2 and 3 of the 1962 drilling intersected mainly rhyolite, schistose and sericitized and very pale in colour. The schistosity was at a low angle to the core and it has been suggested that the dip is in the same direction as the hole. This is not necessarily the case. It should be possible to determine the true direction of the dip of the schistosity from the outcrops in the vicinity of the holes. Moreover the dip of the formations is not necessarily the same as the schistosity.

Hole 7 intersected mainly diorite after starting in rhyolite. This may indicate that the body of diorite nearby to the south dips north.

## GEOLOGICAL SURVEYING

Geological maps covering the property of Hunch Mines are listed in the section on References and are numbered 2, 4 and 6. They are on scales of 1" = 800', 1" = 1000' and 1" = 400' respectively.

These maps agree generally but a new survey in greater detail is required. This should co-ordinate the results of drilling and geophysical surveying with the geology and be tied-in exactly to the property boundaries.

The attached sketch map showing the geology is approximate only. The drill holes have been added along with the picket lines and may not agree with the geology as mapped at an earlier date and without the lines. It is believed that the east boundary is not as shown but should be several hundred feet farther west.

## GEOPHYSICAL SURVEYING

In 1939 Hans Lundberg Limited made a magnetic survey of an area that included the Hunch property. A copy of this was included in the writer's report of February 7, 1962.

In 1951 the Geological Survey of Canada published an aerial magnetometer map (Kanasuta River 38G) which shows the magnetics on a scale of 1" = 1 mile.

In February and March 1962 Canadian Aero Minerals Surveys made magnetometer, resistivity and induced polarization surveys over the Hunch property. These were interpreted by H. O. Seigel and Associates and diamond drilling was recommended mainly to test Induced Polarization anomalies.

## DIAMOND DRILLING

1929. It is reported that a hole was drilled across the Fasken fault adjacent to the diabase dike. No data on the results of this hole are available.

1935. Two holes were put down to test pyrite mineralization on a small island near the south shore of Lake Dufault and on the shore nearby to the south. No assays of importance were reported from these holes.

1962. Data on the 7 holes drilled is as follows:

No.	Location		Dip	Bearing	Depth	Most pyrite seen
1	9S	550E	50	west	392	40% over 3.8'
2	15S	1100E	47	west	401	5% over 2.5'
3	3S	400E	47	west	400	5% over 5'
4	6S	1700E	64	west	496	1% in tuff band
5	6S	1250E	47	east	305	1 to 2% in tuff band
6	18S	350W	45	west	358	nil
7	18S	1200W	49	west	350	nil
Total — 2702 feet						

These holes all tested Induced Polarization anomalies. In addition Holes 4 and 5, in the same section, tested what was expected to be a rhyolite-andesite contact. The rock cut was almost entirely dacite so it may be that there is a rhyolite-dacite contact west of Hole 5 and a dacite-andesite contact east of Hole 4. It is possible though that the dacite is cut off on the east by the Fasken fault and that it trends northwesterly parallel the presumed strike of the rhyolite in the west and central parts of the property.

The highly altered and schistose nature of the rocks in Holes 1, 2 and 3 suggest regional metamorphism for the part of the series of rocks tested by these holes. Holes 4 and 5 showed considerable alteration but were less schistose. Hole 6 and 7 were noticeably harder and less altered.

The only sulphide mineral seen in any of the holes was pyrite. Hole #1 had the most pyrite. Between 61.8 and 65.6 feet a two-foot section was of nearly massive pyrite and the average for the 3.8 feet was about 40%. This paralleled the schistosity roughly. The sample assayed trace in gold.

Hole #2 contained two graphite bands; at 120-121.5 and 149-152.5. The latter showed contortion and contained about 5% pyrite. There was about 5% pyrite also from 261 to 263. The rock in this section may be a fragmental.

Hole #3 had pyrite at a number of places the most being 5% from 90 to 95 feet. Between 275 and 300 there was 80% for 2" and 70% to nil for 7". This latter was 70 to 90 degrees to the core.

Hole #4 had 1% pyrite in a fragmental rock with cherty fragments from 169 to 192 and from 310 to 322.

Hole #5 was similar to #4 with about 1 to 2% pyrite in what is probably a rhyolite tuff.

Sulphide in Hole #6 was practically nil.

Hole #7 had no noticeable sulphide. The rock was rhyolite to 82.5' and then diorite to the end of the hole.

Core was "A" size and was stored in a core shack belonging to Joliet Mines between the Quemont Mines plant and the Macamic highway.

## SUMMARY OF POSSIBILITIES

The Hunch Mines property is well located geologically and geographically.

It has rock types and rock structures found on nearby properties where base metal ores have been found and these features are believed to be favourable for localization of sulphide solutions.

Encouraging base metal mineralization has been found on the properties immediately adjoining to the north and south.



The pyrite mineralization intersected in Holes 1, 2 and 3 may not have much significance since it does not occur at a favourable contact but rather is spread through a large thickness of more or less uniform and structureless rock.

The most promising part of the property based on geology appears to be the vicinity of the intersection of the Joliet and Fasken faults near the south boundary. In this area there are: favourable rhyolite-andesite contacts, a diabase and a small body of fragmental rhyolite. The writer recommended exploratory drilling in this area in his report of February 7, 1962. This is still considered advisable.

## RECOMMENDATIONS

It is recommended that the property be mapped in detail say on a scale of 1" = 200'.

This should be preceded by locating of the boundaries and re-marking the pickets used early in 1962. It is imperative that the boundary be located exactly and all work, geological, geophysical, topographical and diamond drilling be carefully correlated.

Tentatively four holes are recommended to test the vicinity of the intersection of the Fasken and Joliet faults. These are the same as recommended February 7, 1962 and are shown on the sketch map attached.

The position of these might be changed somewhat after the geological survey has been made.

Data for the proposed holes is as follows:

Number	Azimuth	Dip	Depth
A	180	60	500'
B	325	60	500'
C	180	70	500'
D	290	60	500'

The approximate cost of the work proposed is:

Geological Survey including establishing of boundary .....	\$ 2,000
2,000 feet of Diamond Drilling .....	\$ 8,000
<b>TOTAL</b>	<b>\$ 10,000</b>

It is recommended that the sum of Ten Thousand Dollars (\$10,000) be made available for this work.

Respectfully submitted,

R. C. McMURCHY, Ph.D., P.Eng.

Toronto, Ontario,  
April 23, 1963.

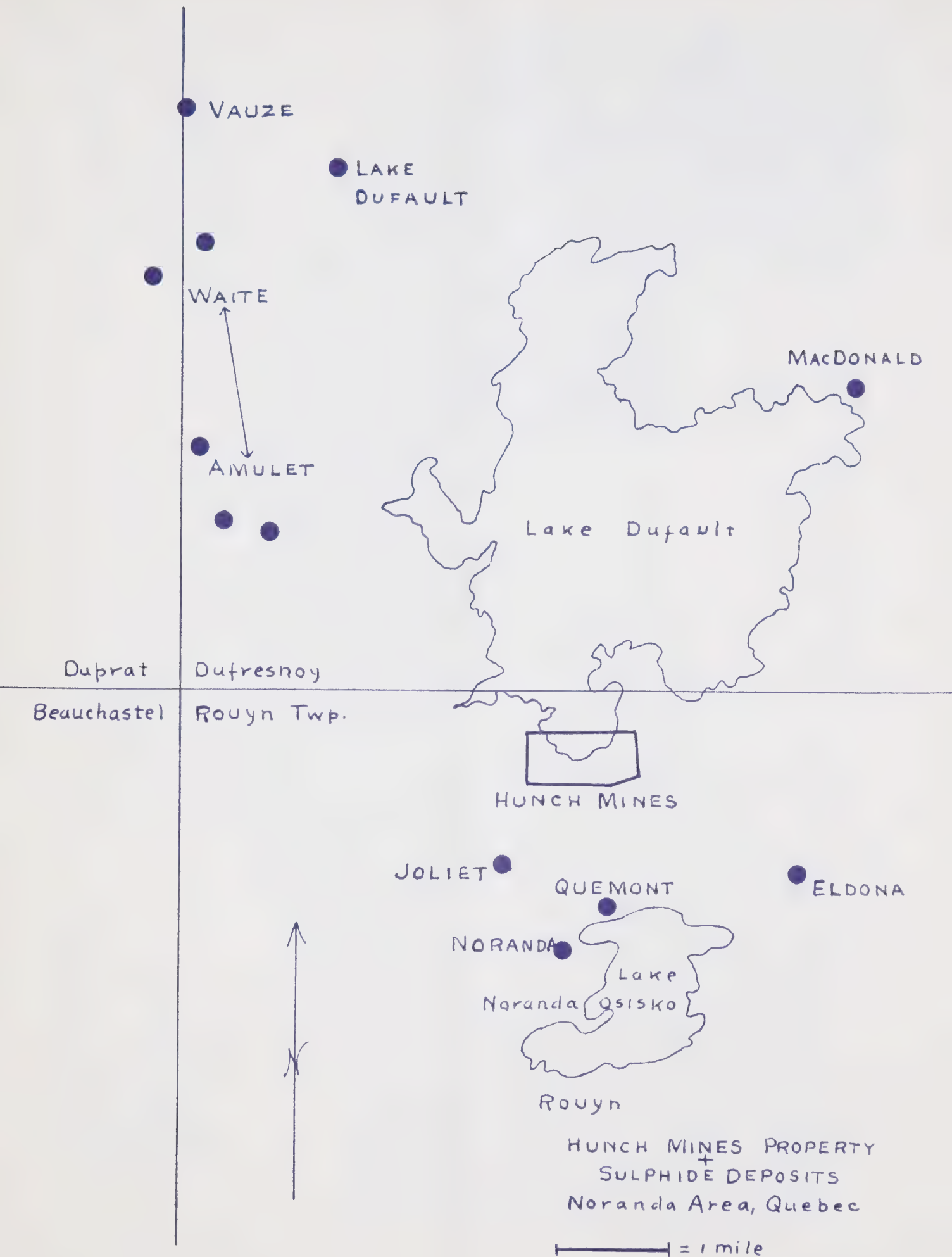
## ENGINEER'S CERTIFICATE

I, Robert Connell McMurchy, of 95 Southvale Drive, Toronto 17, Ontario, hereby certify as follows:

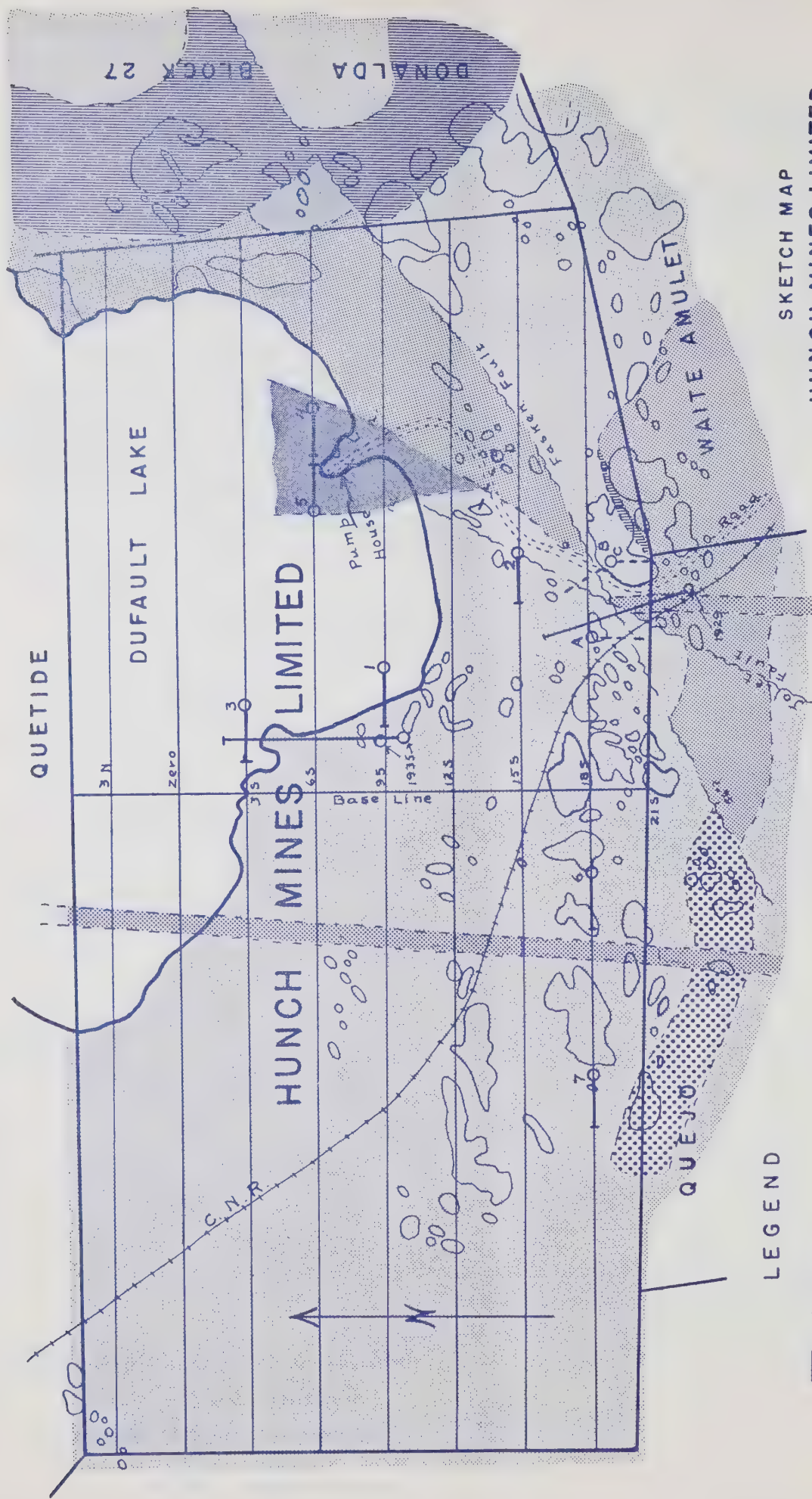
1. That I am a practising Geologist and a member of the Corporation of Professional Engineers of Quebec.
2. That I am a graduate of Manitoba University (B.Sc. 1930) and of Minnesota University (Ph.D. 1934).
3. That I have no interest either directly or indirectly in the property or in the securities of Hunch Mines Limited and I do not expect to receive any interest in the property or in the securities of Hunch Mines Limited.
4. That the report is based on knowledge of this property, the neighboring properties and the general area gained over a period of 24 years.
5. That this certificate applies to a property of approximately 302 acres in the north central part of the northwest quarter of Rouyn Township, Quebec, held by Hunch Mines Limited.

ROBERT CONNELL McMURCHY, Ph.D., P.Eng.

Toronto, Ontario,  
April 23, 1963.







# LEGEND

- Diabase
- Diorite
- Quartz Porphyry
- Rhyolite
- Dacite
- Andesite
- Rhyolite Breccia
- Flows & Pyroclastics

- Old holes 1929 & 1935 not verified
- Holes 1 to 7 drilled 1962
- Holes proposed

Geological data mainly from compilation by W.G. Robinson

= 400'

## SKETCH MAP

HUNCH MINES LIMITED

ROUYN, TOWNSHIP

QUEBEC

R.C. McMurchy April 23, 1963







*File*

Hunch Mines Limited,  
Suite 1905,  
National Trust Building,  
7 King St. East, Toronto 1.

NOV 14 1963

Press Release  
Nov. 12, 1963.

Based on exploration-development results to date, and with the climate, political stability, wage rates and soft rock of the country all being favourable for a mine operation, preliminary estimates indicate a substantial margin of profit could be realized now from a mining development on the Company's Costa Rican gold property, states Gordon H. Gibbs, P.Eng., President of the Company.

An October 28, 1963 Progress Report to the Shareholders, revealed that the ore area as defined to date by current exploration embraces a northeast-southwest trending vein zone system approximately 3,000 feet long by 1,500 feet wide located in the northern part of the 2,900 acre Macacona claim group which adjoins the Company's Orro de Barranca and Saturno properties on their south. The vein zone is comprised of some 10 main veins with subsidiary veining occurring in roughly north to south parallel formation in a low, ridged hill which rises 400 feet above the ground to the north.

The report concluded by advising that "this discovery of new veins within the original area now introduces the possibility that the ore zone can be developed for mining by either individual vein mining, or by mass mining of the entire zone by the low cost open pit method. The many assays, yet to be received, will greatly assist in filling in the ore picture and probably determine the proper method to be employed. Mr. Gibbs advised that since the Subject Report further assay returns from property have been received which permit averaging the results to date on the Mondongo Vein.

This vein has now been extended 400 feet to the east to give a total developed length to date of 2,900 feet. The weighted average of all samples for the 2,900 foot length, after cutting high assays to one ounce, is 0.215 ounces gold or \$7.50 per ton across 7 feet. Eliminating a central 600 foot length which is lower than average grade would leave 2,300 feet averaging 0.25 ounces or \$8.75 per ton across 7.6 feet. The vein varies from 3 to over 20 feet wide. Many of the samples are from adits, so that the results are not confined to surface conditions. Diamond-drilling for greater depth is under way.

The 2,300 feet of vein length with an average width of 7.6 feet represents 1,340 tons per vertical foot. In addition, there are at least 8 higher grade veins within 1,500 feet north of the Mondongo Vein which are now being resampled.

The new eastern extension of this vein carries strong values as indicated by assays of 2.04 ozs. (\$71.40) gold per ton across 5.5 ft., 1.15 ozs. (\$40.25) across 6 ft. and 2.70 ozs. (\$94.50) across 5 feet. A parallel vein 50 feet to the south assays 1.74 ozs. (\$60.90) across 5 feet and 1.78 ozs. (\$62.30) across 3 feet in two channel samples taken 175 feet apart on strike. Both veins are open at both ends.





HUNCH MINES LIMITED

Suite 1905, National Trust Building, 7 King St. East,  
TORONTO 1, Ontario

PROGRESS REPORT

DEC 5 1963

To the Shareholders:

An ore area of minemaking potential appears to be under delineation at your Company's Costa Rican gold property. In the four months that have elapsed since the Progress Report of June 21, 1963, your Company has been actively engaged in a continuous program of exploration on the property, concentrated mainly in the northern part of the Macacona claim group, which form the southern section of the Hunch acreage block.

The work to date has been comprised of line cutting, geological mapping, trenching, surface stripping both by hand and bulldozer, diamond drilling and last but far from least in importance ----- a detailed program of systematic channel sampling of surface exposures and old adit workings. This last item, dealing as it does with ore values averaged over widths and lengths, has had one basic objective at this time-----namely to confirm the highly promising sampling results and indications reported by Company consultants and others following their early examination of the property, and in so doing, establish a basis for the progressive pattern of exploration - development work sequences that are required to bring a property from the prospect state to mine production status. The success of this new sampling work is already apparent. As the hundreds of assays of channel cuts are reconciled with current exploration maps, results continue to point to the presence of an extensive gold bearing vein zone, still open to extension, containing ore material of good grade and widths. Although there are scores of assays yet to be received and postulated, the picture now coming into focus is one that merits a vigorous followup.

The ore area as defined to date by current exploration embraces a northeast-southwest trending vein zone system approximately 3000 feet long by 1500 feet wide located in the northern part of the 2900 acre Macacona claim group which adjoins the Company's Orro de Barranca and Saturno properties on their south. The vein zone is comprised of some 10 main veins with subsidiary veining occurring in roughly north to south parallel formation in a low, ridged hill which rises 400 feet above the ground to the north. Numerous shallow pits and incompleated adits were started by former operators during the period 1900 to 1940. Because of their dip and position there is a good possibility that a number of these



100 133

veins converge at depth. As previously mentioned exploration work to date has been concentrated in the area of the Mondongo Vein the most southerly and largest in the system, having a known strike length of 2500 ft. Assay results of the current sampling program at the extreme Eastern End of the Mondongo Vein in the No. 1 Tunnel indicates a 40 ft. length averaging 0.27 ozs. (\$9.45) gold per ton across drift width. The vein is open to the east and ultimate width has yet to be determined.

In the Central Section of the Mondongo Vein, on the No. 1 Sub level there are two branching veins that join at the west face. The South vein has averaged a cut grade of 0.42 ozs. (\$14.70) gold per ton across drift width for a length of 46 feet and the north vein has averaged a cut grade of 0.53 ozs. (\$18.55) gold across drift width for length of 45 feet. At the face where junction of the 2 veins occurs, a width of 10 feet grades an average 0.85 ozs. (\$29.75), cut grade being 0.69 ozs. (\$24.15) gold per ton. This structure is open to the west and is currently being explored by bulldozer on surface simultaneously with diamond drill testing of the vein at depth. At the West End of the Mondongo Vein, assays indicate a 77 foot length averaging 0.35 ozs. (\$12.75) gold over a probable width of 20 feet. These values were obtained from an adit averaging 4 1/4 feet in width, driven from a creek valley. The bank of the creek opposite the adit assayed 0.36 ozs. (\$12.60) gold over a width of 24 feet. The north wall of the adit averages 0.31 ozs. (\$10.85) gold. Bulldozer stripping of the deep overburden to establish further continuity of the vein in this area has exposed 3 new veins to the north of the Mondongo, all of which show visible gold by panning. The bulldozer has now extended the western section of the Mondongo Vein to the east for 300 feet revealing widths up to 22 feet in the bulldozer trenches.

In the Central Section of the Mondongo Vein diamond drill Hole No. 1 bearing south at 45° under the vein, cut 12 ft. of vein material at depth of 128 feet. Although core recovery was poor the sludge showed visible gold. Assays of the core are awaited. Hole No. 2 currently drilling at minus 60° and planned to intersect the vein at depth of 175 ft. was drilling at 80 feet at last report which advised excellent core recovery being obtained after substituting oil for water as drilling fluid. The current drilling program entails 6 holes to be drilled at 100 ft. spacing intervals in this sector of the Mondongo Vein before moving the rig to test the reportedly richer Santa Rosa Vein, a roughly parallel occurrence about 400 feet to the north.

On the Santa Lucia Showings located on the Saturno claim group to the north of the Macacona ore area, trenching work in an area con-





taining a stockwork of quartz stringers has returned assays showing a value of 0.5 ozs. (\$17.50) gold per ton across a width of 40 feet. The shape of the orebearing structure in this area has not as yet been defined. The stockwork extension is being traced by trenching in the direction of a hill about 200 feet to the Southwest, in which previous sampling by others gave high assays. This hill has been completely resampled as part of current program operations of the Company.

A point to be noted here is that the dollar equivalents of the gold value being obtained are computed on the basis of gold at \$35.00 (U.S.) per ounce.

### SUMMARY

Often referred to as the 'Switzerland of the Americas' because of its beauty, fertility and generally fine climate, Costa Rica also has its rainy season, which can at times cause an exploration program to fall behind schedule. However, in June of this year a well known Canadian mining engineer, W.W. (Wally) Bake, P.Eng. joined the Company's technical staff as resident manager of the Costa Rican operation and a great part of the credit is due him for the substantial progress made in evaluating the property despite the adverse weather conditions.

Exploration work to date has followed a systematic plan designed to establish as true a perspective of the Macacona ore area potential as possible at this phase of the activities. This has been highly successful, and the D4 Caterpillar bulldozer has proven to be an invaluable tool. The continuity of the Mondongo Vein has been established through sections of heavy overburden which could not be penetrated by hand methods. In the course of the 'stripping' work, the big 'Cat' has revealed the presence of other important vein occurrences not known to be present within the ore area. And it is this discovery of new veins within the original area that now introduces the possibility that the ore zone can be developed for mining by either one of two alternative methods -- namely, by individual vein mining, or by mass mining of the entire zone by the low cost open pit method. The many assays, yet to be received, will greatly assist in filling in the ore picture and probably determine the proper method to be employed.

October 28, 1963

Gordon H. Gibbs, B. A. Sc., P. Eng.  
President.





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AR14

Hunch Mines Limited has started surface explorations and adit rehabilitation work on its newly acquired Costa Rican gold development -- considered by Company engineering consultants to already indicate possibilities of supporting a profitable 200 to 500 tons per day mining operation.

In announcing commencement of the work program, Gordon H. Gibbs, P. Eng., president of the Company, advised that negotiations were recently completed for the option to purchase the highly regarded property known as the Macocona Limitada ground. Under the 3 year working option agreement that extends to May 31, 1966, the Company upon assuming acquisition costs of \$14,000.00 and the expenditures of a total of \$200,000.00 in exploration work over the option period will earn a  $77\frac{1}{2}\%$  interest in the property.

Situated in the Central Plateau area of Costa Rica, Central America, the 7,000 acre property is contained within one contiguous acreage block located respectively 16 miles east and 62 miles west of the towns of Esparta and San Ramon on the Pan American Highway which crosses the property east to west. A multiple system of gold bearing veins containing many many high grade gold occurrences is reported to be present on the property. Preliminary channel sampling by an independent consulting engineer indicates over 2000 tons per vertical foot grading \$11.00 per ton in gold in three of the veins which ranges from 2 ft. to 12 ft. wide, Mr. Gibbs states.

Shallow shaft, adit, and trenching work done by former operators has hardly scratched the surface, all being generally less than 100 feet in depth, Company consultants report. One of these was the Lonman Adit, which was driven a length of 810 feet but stopped 35 feet short of the initial vein zone target due to cave-in and lack of further funds. In the near-surface, soft, weathered rock the veins have a rusty appearance attributed to iron sulphides or carbonates. Although some may be associated with these sulphides, the gold appears to be in a "free state" as evidenced by the easy recovery through the water panning method.

In summarizing his examination of the property, Dr. R. C. McMurchy, P. Eng., consultant for the Company, stated -- "Gold is widespread in veins having width and grade of economic importance. It appears that 4 of the veins have lengths of about 700,





900, 1000, and 2500 feet for a total strike length of 5100 feet. Results of the recent examination suggest possibilities for a profitable operation on a scale of 200 to 500 tons per day with grade of better than 0.250 ozs. gold per ton. There is no apparent reason why the veins should not continue to depth with grade and size similar to that indicated at and near surface. The weathered rock conditions may be expected to continue downward for several hundred feet. The nature of the gold mineralization suggests easy recovery".

The \$90,900.00 exploration program recommended entails rehabilitation of the Lonman Adit and extending same for a further 700 feet as a 7ft x 7ft heading to test the ground where 4 veins are projected to occur, followed by 1000 feet of drifting work. All ore found will be immediately accessible. Cooper Explorations mining contractors of Toronto, are already well advanced with the work, having 6 men working two 12 hour shifts cleaning out the adit, which has been cleared for 173 feet at report time. A diamond drill is enroute to the property, Bruce C. McDonald, Consulting Geologist of Vancouver is on the property supervising the work which will also include drilling, trenching and sampling.

Hunch Mines are in the process of completing option-purchase arrangements to acquire the former Nipissing Block of 302.26 acres of ground in the Rouyn Twp., Lake Dufault district of Quebec. A base metal prospect, the property is located on the South Shore of Lake Dufault about 1-1/2 miles north of the Noranda and Quemont orebodies. It lies between the Noranda Explorations Ltd., on the north and the Quejo and Quemont holding on the south. Main geological-structural features considered favourable for sulphide occurrence is the convergence and cross faulting caused by the Joliet and Fasken Fault Zones. A program of geologizing, detail mapping, and drilling work has been recommended for this property.

A recent underwriting of Company shares at 20 cts. and 25 cts. per share has placed a total of \$65,000.00 in the treasury. Further, six and nine month share underwriting options have been granted at prices of 30 cents and 35 cents per share.

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud.

In the second part, the document outlines the various methods used to collect and analyze data. It describes the use of statistical techniques to identify trends and patterns in the data, and the importance of ensuring that the data is representative and unbiased.

The third part of the document focuses on the results of the analysis. It presents the findings of the study, including the identification of key factors that influence the outcome of the transactions, and the implications of these findings for the financial system.

Finally, the document concludes with a summary of the main points and a discussion of the limitations of the study. It acknowledges that while the study provides valuable insights, there are still many areas that need further research, and it suggests some potential directions for future work.

The document is a comprehensive overview of the research project, providing a clear and concise summary of the findings and the implications for the financial system. It is a valuable resource for anyone interested in the study of financial transactions and the role of record-keeping in maintaining the integrity of the system.

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PRESS RELEASE

October 16/63

An ore area of important minemaking potential appears to be under definition at the Costa Rican gold property of Hunch Mines Limited, states Gordon H. Gibbs, P. Eng. president of the Company in reporting current exploration and assay results. As the hundreds of assays of channel samples systematically taken from surface and underground workings are reconciled with current exploration maps, results continue to indicate the presence of an extensive gold bearing vein zone still open to extension containing ore material of good grade and widths. The ore area as defined to date by current exploration embraces a northeast-southwest trending vein zone system approximately 3000 feet long by 1500 feet wide located in the northern part of the 2900 acre Macacona claim group which adjoins the Company's Orro de Barranca and Saturno properties on their south. The vein zone is comprised of some 10 main veins with subsidiary veining occurring in roughly north to south parallel formation in a low hill which rises 400 feet above the ground to the north. Numerous shallow pits and incompletd adits were started by former operators during the period 1900 to 1940. Because of their dip and position there is a good possibility that a number of these veins converge at depth. Current exploration entailing diamond drilling, bulldozing, surface trenching and detailed sampling of new exposures and old adit workings is being concentrated in the area of the Mondongo Vein the most southerly and largest in the system, having a known strike length of 2500 ft. Assay results of the current sampling program at the extreme Eastern End of the Mondongo Vein in the No. 1 Tunnel indicates a 40 ft. length averaging 0.27 ozs. gold per ton across drift width. The vein is open to the east and ultimate width has yet to be determined.

In the Central Section of the Mondongo Vein, on the No. 1 Sub level there are two branching veins that join at the west face. The South vein has averaged a cut grade of 0.42 ozs. gold per ton across drift width for a length of 46 feet and the north vein has averaged a cut grade of 0.53 ozs. gold across drift width for length of 45 feet. At the face where junction of the 2 veins occurs, a width of 10 feet grades an average 0.85 ozs., cut grade being 0.69 ozs. gold per ton. This structure is open to the west and is





currently being explored by bulldozer on surface simultaneously with diamond drill testing of the vein at depth. At the West End of the Mondongo Vein, assays indicate a 77 foot length averaging 0.35 ozs. gold over a probable width of 20 feet. These values were obtained from an adit averaging 4 1/4 ft. in width, driven from a creek valley. The bank of the creek opposite the adit assayed 0.36 ozs. gold over a width of 24 feet. The north wall of the adit averages 0.31 ozs. gold. Bulldozer stripping of the deep overburden to establish further continuity of the vein in this area has exposed 3 new veins to the north of the Mondongo, all of which show visible gold by panning. The bulldozer has now extended the western section of the Mondongo Vein to the east for 300 feet revealing widths up to 22 feet in the bulldozer trenches.

In the Central Section of the Mondongo Vein diamond drill Hole No. 1 bearing south at 45° under the vein, cut 12 ft. of vein material at depth of 128 feet. Although core recovery was poor the sludge showed visible gold. Assays of the core are awaited. Hole No. 2 currently drilling at minus 60° and planned to intersect the vein at depth of 175 feet was drilling at 80 feet at last report which advised excellent core recovery being obtained after substituting oil for water as drilling fluid. The current drilling program entails 6 holes to be drilled at 100 ft. spacing intervals in this sector of the Mondongo Vein before moving the rig to test the reportedly richer Santa Rosa Vein, a roughly parallel occurrence about 400 feet to the north.

On the Santa Lucia Showings located on the Saturno claim group to the north of the Macacona ore area, trenching work in an area containing a stockwork of quartz stringers has returned assays showing a value of 0.5 ozs. gold per ton across a width of 40 feet. The shape of the orebearing structure in this area has not as yet been defined. The stockwork extension is being traced by trenching in the direction of a hill about 200 feet to the Southwest, in which previous sampling by others gave high assays. This hill has been completely resampled as part of current program operations of the Company.

The overall assay results received to date, although incomplete and inconclusive as yet, are nevertheless confirming earlier sampling and indications of the property's minemaking possibilities, Mr. Gibbs concluded.





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Press Release  
Nov. 25, 1963.

As indications for a profitable mining operation on the Company's Costa Rican gold property continue to crystallize, latest assay receipts have resulted in a general upgrading of the entire Mondongo Vein ore picture, Gordon H. Gibbs, P.Eng., president of the Company reports.

The Mondongo Vein is the largest member of a strong multiple vein system located in the northern sector of the Company's Macacona claim group and on which exploration to date has opened up an ore area, approximately 3000 feet long by 1500 feet wide. Upgrading of the Mondongo ore values, widths and tons per vertical foot estimates results from the November 23rd, 1963 new assay returns of numerous channel samples taken on the western end of the Mondongo Vein. With the new results permitting a recalculation of values of this section of the Vein, Mr. Gibbs advises that, for a length of 400 feet the cut average is now 0.34 ozs (\$11.90 U.S.) gold per ton across a 16.2 foot width. Some sections could not be sampled to the full width of the ore, being restricted by narrow underground workings. Full width of this section is estimated at some 25 feet, at which width the 400 foot length would represent over 750 tons per vertical foot. The entire 2300 foot length of the Mondongo Vein, after eliminating a central 600 ft. length of lower grade material, now averages 0.273 Ozs. (\$9.50 U.S.) gold per ton across a width of  $9\frac{1}{2}$  feet, after reducing all values over 1 ounce to a 1 ounce norm. This is equivalent to 1685 tons per vertical foot. The overall lift in the average grade, width and tons per vertical foot estimates is revealed by comparison with the recently reported figures of a 2300 foot length averaging 0.25 ozs. (\$8.75 U.S.) gold per ton across 7.6 feet, representing 1340 tons per vertical foot. Other veins are now being sampled. All veins are open at both ends and at depth. Mr. Gibbs stated that results of detailed sampling to date have fully confirmed Mr. R. C. McMurchy's favourable report on the property, dated April 11th, 1963, with the result that a 5000 foot diamond drilling program is warranted which could easily indicate a profitable 500 to 1000 tons per day operation.





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Hunch Mines Limited has completed negotiations for the option to purchase a promising gold property in Costa Rica. The property is over 7,000 acres in extent and is reported to have many high-grade gold occurrences in a multiple vein system.

Preliminary sampling by an independent consulting engineer indicates over 2000 tons per vertical foot grading \$11.00 per ton in gold in three of these veins from 2 ft to 12 ft wide. He states, "there is no apparent reason why the known veins should not continue to depth with grade and size similar to that indicated at and near surface".

A program of trenching, sampling, diamond drilling and adit work has been planned to start at an early date. Underwriting and option agreements have also been completed to immediately provide \$65,000 through issue of 300,000 shares. Costa Rica has long history of substantial lode gold mining, predating Columbus and the Spanish invasion.

G. H. GIBBS,  
President.

B.A.S-4561



